

SUBJECT: Procedures for issuing tax refunds to property owners

COMMITTEE: Local Government Ways and Means — favorable without amendment

VOTE: 7 ayes — Hill, Hamilton, Elkins, Laubenberg, Puente, Quintanilla, Uresti
0 nays

SENATE VOTE: On final passage, April 21 — 31-0, on Local and Uncontested Calendar

WITNESSES: No public hearing

BACKGROUND: The Property Tax Code includes general provisions governing procedures by appraisal districts. Sec. 1.111(f) allows a property owner to direct the appraisal district, the appraisal review board, and each taxing unit participating in the appraisal district to deliver all notices, tax bills, orders and other communications to a specified person other than the property owner.

Sec. 11.431 requires the chief appraiser to accept and approve or deny applications for a residence homestead exemption for up to one year after the taxes on the homestead were paid or became delinquent, whichever is earlier. If a late application is approved, the chief appraiser must notify the collector for each taxing unit in which the residence is located. If the tax has been paid, the collector must refund the amount of tax imposed on the exempted amount.

Under sec. 26.15, if a correction in property taxes by the tax assessor results in a decrease in a property owner's tax liability after the owner has paid the tax, the taxing unit must refund the difference to the property owner.

Sec. 31.11 establishes procedures and requirements for applying for refunds of an overpayment or erroneous property tax payment.

DIGEST: SB 1203 would amend the Property Tax Code, sec.1.111(f), to specify that a property owner could direct an appraisal district or taxing unit to deliver tax refunds on the property to a person designated to receive other information about the property. Written directions would specify the property to which the refund applied and the tax year for which the refund was to be made. Within 30 days of receiving the refund, the person designated to receive it would have to notify the property owner that the refund had been delivered to that person or agent.

Under secs. 11.431 and 26.15(f), a person would not have to apply for a refund if a late application for a homestead exemption was approved or if a property owner was entitled to a refund as the result of a tax correction.

Sec. 31.11 would specify that the procedures and requirements for applying for a tax refund would not apply to an overpayment caused by a change of exemption status or correction of a tax roll, which would have to be refunded automatically.

The bill would take effect September 1, 2005.

SUPPORTERS SAY: SB 1203 would establish clear procedures in statute for issuing tax refunds to property owners. While many counties already follow these procedures, others have differing requirements for each tax entity. This sometimes creates overly burdensome paperwork for property owners and may require these owners to request refunds to which they are entitled. SB 1203 would streamline this process and ensure that the same procedures were followed by taxing entities throughout the state.

OPPONENTS SAY: The bill could place a burden on smaller taxing entities, which currently do not have procedures in place to coordinate refunds to property owners.