

- SUBJECT:** Allowing deployed military members to defer payment of property taxes
- COMMITTEE:** Ways and Means — favorable, without amendment
- VOTE:** 9 ayes — D. Bonnen, Y. Davis, Darby, Murphy, Murr, Raymond, Shine, Springer, Stephenson
- 0 nays
- 2 absent — Bohac, E. Johnson
- WITNESSES:** For — (*Registered, but did not testify:* Daniel Gonzalez, Texas Association of Realtors; Julia Parenteau, Texas Association of Realtors; Michael Pacheco, Texas Farm Bureau; Diana McDonnell; Alexie Swirsky)
- Against — (*Registered, but did not testify:* Hilary Shine, City of Killeen; Dana Blanton)
- BACKGROUND:** Tax Code, sec. 31.02 allows active-duty members of the U.S. military who have been transferred out of state as a result of a declaration of war or national emergency to defer payment of delinquent property taxes without incurring interest or a penalty. These service members must pay their delinquent taxes by the 60th day after they are discharged, they return to non-active status, they return to Texas for more than 10 days, or the war or national emergency ends.
- DIGEST:** HB 115 would extend the deferral of delinquent property tax payments to active-duty military service members deployed outside of Texas for any reason — not just those deployed during a declared war or national emergency. Delinquent taxes not paid within the deferral period would begin accruing interest at a rate of 6 percent for each year the tax remained unpaid but would not incur a penalty.
- The bill would take effect December 1, 2017, and would apply only to interest and penalties on delinquent taxes paid on or after that date.

SUPPORTERS
SAY:

HB 115 would update Texas law in response to changes at the national level, ensuring that deployed members of the military were able to take advantage of the deferment offered by Tax Code, sec. 31.02. The bill is necessary because the current law requires a declaration of war, which is not typical of modern military operations, and thereby forces tax assessor-collectors to deny property tax deferrals. This bill would help ensure that members of the armed forces were not unknowingly taxed out of their houses while deployed, giving them sufficient time to settle their affairs after they returned home.

HB 115 would not necessarily have a large impact on communities with high populations of active-duty military members, as many military members do not own their homes because they are required to move frequently. Many who do own their homes pay property taxes into escrow as part of their regular mortgage payments and would not be affected by HB 115.

OPPONENTS
SAY:

HB 115 would put certain communities with high populations of active-duty military at risk of losing a significant chunk of their total tax revenue to deferrals. As deployments can last a year or more, a tax deferral in such a community for deployed active duty military could delay a significant amount of revenue until the next budget cycle, making it difficult to properly budget and harming a locality's ability to provide service. If the state decided to extend such deferrals to service members, it could help avoid this outcome by temporarily reimbursing disproportionately impacted localities.

NOTES:

In its fiscal note, the Legislative Budget Board (LBB) projects that HB 1632 would create a cost to local taxing units and to the state through the school finance formulas by increasing the number of property tax deferrals and the attendant reduction in interest and penalties. Because the number and timing of the additional referrals cannot be estimated, neither can the amount of the costs, according to the LBB.