

BILL ANALYSIS

Senate Research Center
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S.B. 931
By: Seliger
Finance
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Taxpayers who appeal their cases to district court must pay either the tax as assessed or render a partial payment of taxes—usually the amount of taxes not in dispute—prior to the delinquency date. If taxes are found to have been underpaid at the conclusion of the lawsuit, the taxpayer owes penalties and interest on the balance from the original due date, which typically equates to 12 percent in penalties and one percent per month interest on the shortfall. When taxpayers are entitled to a refund, they receive interest at an annual rate of 9.5 percent.

As a condition of settlement, taxpayers are often required to waive the payment of interest on their refunds. Appraisal districts, however, generally refuse to waive penalties or interest on any shortfalls, claiming no authority to do so. S.B. 931 simply authorizes appraisal districts to waive interest and/or penalties as part of the negotiation process in a property tax settlement.

As proposed, S.B. 931 amends current law relating to the authority to waive certain penalties and interest in order to facilitate the settlement of an ad valorem tax appeal.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 42.42(c), Tax Code, to authorize the property owner and the chief appraiser, if the final determination of the appeal occurs pursuant to a settlement agreement filed with the court, to agree to waive the penalties and interest otherwise required by this subsection on the additional tax due each affected taxing unit as a term of the settlement agreement.

SECTION 2. Amends Section 42.43(b), Tax Code, to authorize the property owner and the chief appraiser, if the final determination of the appeal occurs pursuant to a settlement agreement filed with the court, to agree to waive the interest otherwise required by this subsection on the amount refunded to the property owner as a term of the settlement agreement.

SECTION 3. Provides that the change in law made by this Act applies to an appeal under Chapter 42 (Judicial Review), Tax Code, that is pending on the effective date of this Act or that is filed on or after that date.

SECTION 4. Effective date: upon passage or September 1, 2017.