

BILL ANALYSIS

Senate Research Center
86R10728 SMT-D

S.B. 1280
By: West
Property Tax
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, Chapter 33, Tax Code, specifies instances where an individual is entitled to defer the collection of property taxes or abate a suit to collect delinquent taxes, along with the interest rate that applies during the term of the deferral or abatement. Section 33.065 allows an individual to defer or abate a suit to collect a delinquent tax imposed on the portion of the appraised value of property the individual owns and occupies as the individual's residence homestead that exceeds the sum of: 105 percent of the appraised value of the property for the preceding year and the market value of all new improvements to the property. Section 33.065 imposes an annual interest rate during the deferral or abatement period of eight percent.

S.B. 1280, clarifies that a homeowner may defer collection of a delinquent tax on an appreciating homestead before any suit to collect a delinquent tax is filed. This will align Section 33.065 with other sections in Chapter 33 that allow an individual to defer collection of a tax or abate a suit to collect a delinquent tax and allows, for example, a homeowner who is struggling to pay property taxes that have risen due to rising land values to proactively defer the collection of taxes before being notified of a lawsuit to collect the delinquent taxes. S.B. 1280 also lowers the applicable interest rate from eight percent to five percent.

As proposed, S.B. 1280 amends current law relating to the deferral or abatement of the collection of ad valorem taxes on an appreciating residence homestead.

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 Sections 33.065(a), (f), and (g), Tax Code, as follows:

(a) Entitles an individual to defer collection of a tax or abate a suit to collect a delinquent tax imposed on the portion of the appraised value of property the individual owns and occupies as the individual's residence homestead that exceeds the sum of:

- (1) 105 percent of the appraised value of the property for the preceding year; and
- (2) the market value of all new improvements to the property.

(f) Provides that, if the collection of taxes, rather than delinquent taxes, on the property was deferred in a prior tax year and the sum of the amounts described by Subsections (a)(1) and (2) exceeds the appraised value of the property for the current tax year, the amount of taxes the collection of which may be deferred is reduced by the amount calculated by multiplying the taxing unit's tax rate for the current year by the amount by which that sum exceeds the appraised value of the property.

(g) Provides that the annual interest rate during the deferral or abatement period is five percent, rather than eight percent, instead of the rate provided by Section 33.01 (Penalties and Interest). Provides that a penalty is not incurred during a deferral or abatement

period, rather than a penalty is not incurred on the delinquent taxes for which collection is deferred or abated during a deferral or abatement period. Makes conforming changes.

SECTION 2. Makes application of Section 33.065(g), Tax Code, as amended by this Act, prospective.

SECTION 3. Effective date: January 1, 2020.