BILL ANALYSIS

Senate Research Center
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H.B. 1257
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Finance
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Current Texas law allows the owner of a residence homestead that was damaged by a natural disaster and is located in a declared disaster area to pay their property taxes in four installments. However, owners of damaged business property in a declared disaster area are not afforded the same option. There are many businesses in the Texas Gulf Coast region that sustained damage during Hurricane Ike that are unable to pay their property taxes in one payment because the business had the additional significant financial burden of restoring the business to its pre-disaster state.

H.B. 1257 amends Section 31.032 (Installment Payments of Taxes on Property In Disaster Area), Tax Code, to allow disaster damaged business entities with $5 million or less in gross receipts the option of paying business property taxes in four installments over the course of the year. This bill brings parity to the tax collections of homesteads and small businesses in a declared disaster area.

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 31.032, Tax Code, by amending Subsection (a) and adding Subsection (h), as follows:

(a) Provides that this section applies only to:

(1) real property that:

(A) is:

(i) the residence homestead of the owner or consists of property that is used for residential purposes and that has fewer than five living units; or

(ii) owned or leased by a business entity that had not more than the amount calculated as provided by Subsection (h) in gross receipts in the entity's most recent federal tax year or state franchise tax annual period, according to the applicable federal income tax return or state franchise tax report of the entity;

(2) tangible personal property that is owned or leased by a business entity described by Subdivision (1)(A)(ii); and

(3) taxes that are imposed on the property by a taxing unit before the first anniversary of the disaster.

(h) Provides that for the 2009 tax year, the limit on gross receipts under Subsection (a)(1)(A)(ii) is $5 million. Requires the comptroller of public accounts (comptroller), for each subsequent tax year, to adjust the limit to reflect inflation by using the index that the comptroller considers to most accurately report changes in the purchasing power of the dollar for consumers in this state and is required to publicize the adjusted limit. Requires each collector to use the adjusted limit as calculated by the comptroller under this subsection to determine whether property is owned or leased by a business entity described by Subsection (a)(1)(A)(ii).

SECTION 2. Effective date: upon passage or September 1, 2009.