

SUBJECT: Amending application of penalties and interest on a supplemental tax bill

COMMITTEE: Ways and Means — favorable, without amendment

VOTE: 9 ayes — Burrows, Guillen, Martinez Fischer, Murphy, Noble, E. Rodriguez, Sanford, Shaheen, Wray

0 nays

2 absent — Bohac, Cole

WITNESSES: For — Michael Henry, Ryan LLC; (*Registered, but did not testify:* Galt Graydon, Citizens for Appraisal Reform; Cheryl Johnson, Galveston County Tax Office; Matt Grabner, Ryan LLC; R Clint Smith, Texas Association of Property Tax Consultants; Julia Parenteau, Texas Realtors; Deborah Cartwright, Texas Taxpayers and Research Association)

Against — None

BACKGROUND: Tax Code sec. 42.08 requires a property owner who appeals a property valuation to pay the lesser of the amount of taxes due that is not in dispute, the amount due as assessed, or the amount imposed on the property in the preceding tax year. A property owner may be excused from prepayment of tax if the court finds that it would unreasonably restrain the owner's right of access to the courts.

Under sec. 42.42, if the final determination of an appeal changed a property owner's tax liability, the assessor for each taxing unit must mail a supplemental bill to the owner. The additional tax is due on receipt of the supplemental bill and becomes delinquent if not paid before February 1 of the next year or the first day of the next month after mailing that would give at least 21 days for payment, whichever is later.

A property owner who did not pay the full tax due according to Tax Code sec. 42.08 is liable for penalties and interest on the tax in the supplemental bill as if the tax became delinquent on the original delinquency date.

Some note that when a taxpayer appeals a property valuation and the final determination is that the tax due is greater than the amount paid, there is no opportunity for the taxpayer to pay the supplemental bill without substantial penalty and interest.

DIGEST:

HB 861 would amend Tax Code sec. 42.42 to specify that a property owner would be liable for penalties and interest on a supplemental tax bill after final determination of an appeal only if the additional tax was not paid by the delinquency date for the additional tax.

The bill would take effect September 1, 2019 and would apply only to an appeal filed on or after that date.