

SUBJECT: Property tax installment payments in disaster areas

COMMITTEE: Ways and Means — favorable, with amendment

VOTE: 8 ayes — Craddick, Wolens, Finnell, Heflin, Horn, Marchant, Oliveira,
Place

0 nays

3 absent — Holzheuser, T. Hunter, Romo

WITNESSES: None

BACKGROUND: Government Code sec. 418.004 defines "disaster" as the "occurrence or imminent threat of widespread or severe damage, injury, or loss of life or property resulting from any natural or man-made cause, including fire, flood, earthquake, wind, storm, wave action, oil spill or other water contamination, volcanic activity, epidemic, air contamination, blight, drought, infestation, explosion, riot, hostile military or paramilitary action, other public calamity requiring emergency action, or energy emergency."

Tax Code sec. 151.350 defines "disaster area" as an area declared a disaster area by the governor under Government Code sec. 418.004 or an area declared a disaster area by the President of the United States.

DIGEST: HB 2197 would allow property taxes on homesteads damaged in a disaster to be paid in installments if the taxes were imposed a year or less after the disaster and the homestead had less than five units. The property owner could pay the taxes in three installments without penalty or interest if at least one-fourth of the due taxes were paid before the delinquency date and the taxing unit was informed that the taxpayer intended to pay the remainder in three installments.

The first installment would have to be paid by April 1, the second by June 1 and the third before August 1. Any unpaid amount not paid by the installment date would be delinquent, and penalties would accrue on the unpaid installment balance. A person could pay more than the amount required on each due date. If the tax delinquency date was postponed to

May 1 or some later date, the installment deadlines would be extended by the same time period, except the third installment date could be no later than December 31.

The bill would take immediate effect if passed by two-thirds of the membership of each house.

**SUPPORTERS
SAY:**

HB 2197 would allow people whose homestead property has been damaged in a disaster to pay their property taxes in four installments the year after a disaster, without interest and penalty, if they notified the taxing unit. It would allow disaster victims, who often are in a tenuous financial position as a result of a disaster, to pay their taxes over a longer time period. Texas already allows persons age 65 and older to pay homestead taxes in four installments. This would have little effect on local governments and is the least the state can do to help these victims. Furthermore, the federal aid packet distributed to disaster victims recommends that local taxing authorities give victims this small tax break.

**OPPONENTS
SAY:**

No apparent opposition.

NOTES:

The committee amendment would not permit an extension of the third installment deadline past December 31.