

SUBJECT: Qualifying all active duty armed forces for delinquent tax deferral

COMMITTEE: Ways and Means — favorable, without amendment

VOTE: 10 ayes — D. Bonnen, Y. Davis, Bohac, Darby, Murphy, Murr, Raymond, Shine, Springer, Stephenson

0 nays

1 absent — E. Johnson

WITNESSES: For — Cheryl Johnson, Galveston County Tax Office; (*Registered, but did not testify*: Sheryl Swift, Galveston County Tax Office; Thomas Parkinson)

Against — None

BACKGROUND: Tax Code, sec. 31.02 allows active-duty armed forces service members who have been transferred out of state as a result of a war or national emergency declared in accordance with federal law to temporarily defer payment of delinquent property taxes without incurring interest or a penalty. These service members are required to pay their delinquent taxes by the 60th day after they are discharged, they return to non-active status, they return to Texas for more than 10 days, or the war or national emergency ends.

Observers suggest this deferral option be extended to active-duty armed forces service members who are not deployed under an explicit declaration of war or national emergency because most current deployments happen without these official declarations.

DIGEST: HB 1632 would extend the temporary deferral of delinquent property tax payments to active-duty armed forces service members deployed outside of Texas for any reason.

Delinquent taxes not paid within the deferral period would begin accruing

interest at a rate of 6 percent for each year the tax remained unpaid and would not incur a penalty.

The bill would take effect September 1, 2017, and would apply only to interest and penalties on delinquent taxes paid on or after that date.

NOTES:

In its fiscal note, the Legislative Budget Board projects that HB 1632 would create a cost to local taxing units and to the state through the school finance formulas by increasing the number of property tax deferrals and the attendant reduction in interest and penalties. Because the number and timing of the additional referrals cannot be estimated, neither can the amount of the costs, according to the LBB.

A companion bill, SB 771 by Creighton, was referred to the Senate Veteran Affairs and Border Security Committee on February 22.