

## **BILL ANALYSIS**

Senate Research Center  
85R29912 SMT-F

C.S.H.B. 2253  
By: Darby (Hinojosa)  
Finance  
5/11/2017  
Committee Report (Substituted)

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

There are concerns that the calculation of interest on a property tax refund resulting from the final determination of an appeal that decreases a property owner's liability could require local governments to pay exceedingly high amounts of interest, which could affect local government services and potentially require tax increases.

The purpose of H.B. 2253 is to mitigate the potential effect of a large interest refund by providing for judicial discretion regarding the refund amount to which the interest rate is applied. H.B. 2253 allows courts flexibility in determining the amount of interest taxing units must pay on property tax refunds. (Original Author's / Sponsor's Statement of Intent)

C.S.H.B. 2253 amends current law relating to the interest rate on a refund of ad valorem taxes made following the final determination of an appeal that decreases a property owner's tax liability.

### **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 42.43(b), Tax Code, as follows:

(b) Requires the taxing unit, for a refund made under this section (Refund), to include with the refund interest on the amount refunded, calculated at an annual rate that is equal to the sum of two percent and the most recent prime rate quoted and published by the Federal Reserve Board as of the first day of the month in which the refund is made, but not more than a total of eight percent, rather than calculated at an annual rate of 9.5 percent, calculated from the delinquency date for the taxes until the date the refund is made.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: upon passage or September 1, 2017.