

BILL ANALYSIS

Senate Research Center

S.B. 2544
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Property Tax
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Vulnerable populations currently face a 5 percent annual interest rate during the deferral or abatement period. This is too high for some individuals to keep up with, resulting in financial struggle and, in many cases, loss of the homestead. Many of these individuals are on fixed income or have unique concerns that cause them to struggle to keep up with their property taxes. These homestead exemptions are a vital service to these taxpayers. They rely on these programs heavily to stay in their homes. This bill is intended to ensure the purpose of this program: to assist taxpayers.

S.B. 2544 would cut the interest rate on the deferral from 5 percent to 2.5 percent for the elderly, disabled individuals, and disabled veterans. This provision also adds surviving spouses of veterans to this list. This would protect eligible homeowners from being charged on interest to the point of losing their homes.

As proposed, S.B. 2544 amends current law relating to deferred collection of ad valorem taxes on certain residence homesteads.

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 the heading to Section 33.06, Tax Code, to read as follows:

Sec. 33.06. New heading: DEFERRED COLLECTION OF TAXES ON CERTAIN RESIDENCE HOMESTEADS.

SECTION 2. Amends Sections 33.06(a) and (d), Tax Code, as follows:

(a) Entitles an individual to defer collection of a tax, abate a suit to collect a delinquent tax, or abate a sale to foreclose a tax lien under certain circumstances, if the individual meets certain criteria, including is qualified to receive an exemption under Section 11.134 (Residence Homestead of Surviving Spouse of First Responder Killed in Line of Duty) or 11.22 (Disabled Veterans), rather than under Section 11.22 (Disabled Veterans).

(d) Provides that the annual interest rate during the deferral or abatement period is 2.5 percent, rather than five percent, instead of the rate provided by Section 33.01 (Penalties and Interest).

SECTION 3. Makes application of Section 33.06(d), Tax Code, as amended by this Act, prospective to January 1, 2020.

SECTION 4. Effective date: January 1, 2020.