

CHAPTER 935

H.B. No. 1597

AN ACT

relating to installment payments of ad valorem taxes.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 31.031, Tax Code, is amended to read as follows:

Sec. 31.031. INSTALLMENT PAYMENTS OF CERTAIN HOMESTEAD TAXES. (a) This section applies only to:

(1) an individual who is:

(A) disabled or at least 65 years of age; and

(B) qualified for an exemption under Section 11.13(c); or

(2) an individual who is[+]

~~[(A) the unmarried surviving spouse of a disabled veteran; and~~

~~[(B)]~~ qualified for an exemption under Section 11.22.

(a-1) An ~~[If before the delinquency date an]~~ individual to whom this section applies may pay ~~[pays at least one-fourth of]~~ a taxing unit's taxes imposed on property that the person owns and occupies as a residence homestead in four equal installments without penalty or interest if the first installment is paid before the delinquency date and is[+] accompanied by notice to the taxing unit that the person will pay the remaining taxes in three equal installments~~[, the person may pay the remaining taxes without~~

1 ~~penalty or interest in three equal installments~~]. The second  
2 [~~first~~] installment must be paid before April 1, the third [~~second~~]  
3 installment before June 1, and the fourth [~~third~~] installment  
4 before August 1.

5 (a-2) Notwithstanding the deadline prescribed by Subsection  
6 (a-1) for payment of the first installment, an individual to whom  
7 this section applies may pay the taxes in four equal installments as  
8 provided by Subsection (a-1) if the first installment is paid and  
9 the required notice is provided before March 1.

10 (b) If the individual fails to make a payment, including the  
11 first payment, before the applicable date provided by Subsection  
12 (a-1) [(a)], the unpaid amount is delinquent and incurs a penalty of  
13 six percent and interest as provided by Section 33.01(c). The  
14 penalty provided by Section 33.01(a) does not apply to the unpaid  
15 amount.

16 (c) An individual may pay more than the amount due for each  
17 installment and the amount in excess of the amount due shall be  
18 credited to the next installment. An individual may not pay less  
19 than the total amount due for each installment unless the collector  
20 provides for the acceptance of partial payments under this section.  
21 If the collector accepts a partial payment, penalties and interest  
22 are incurred only by the amount of each installment that remains  
23 unpaid on the applicable date provided by Subsection (a-1) [(a)].

24 (d) If the delinquency date for taxes to which this section  
25 applies is postponed to May 1 or a later date, the collector shall  
26 extend each installment deadline provided by Subsection (a-1) [(a)]  
27 by the number of months that the delinquency date was postponed.

1 SECTION 2. Section 33.02, Tax Code, is amended by amending  
2 Subsections (a) and (b) and adding Subsection (b-1) to read as  
3 follows:

4 (a) The collector for a taxing unit may enter into an  
5 agreement with a person delinquent in the payment of the tax for  
6 payment of the tax, penalties, and interest in installments. The  
7 collector for a taxing unit shall, on request by a person delinquent  
8 in the payment of the tax on a residence homestead, enter into an  
9 agreement with the person for payment of the tax, penalties, and  
10 interest in installments if the person has not entered into an  
11 installment agreement with the collector for the taxing unit under  
12 this section in the preceding 24 months. An installment [The]  
13 agreement under this section:

- 14 (1) must be in writing;  
15 (2) must provide for payments to be made in equal  
16 monthly installments;  
17 (3) must extend for a period of at least 12 months; and  
18 (4) may not extend for a period of more than 36 months.

19 (b) Except as provided by Subsection (b-1), interest  
20 [Interest] and a penalty accrue as provided by Sections 33.01(a)  
21 and (c) [Subsections (a) and (c) of Section 33.01] on the unpaid  
22 balance during the period of the agreement.

23 (b-1) Except as otherwise provided by this subsection, a  
24 penalty does not accrue as provided by Section 33.01(a) on the  
25 unpaid balance during the period of the agreement if the property  
26 that is the subject of the agreement is a residence homestead. If  
27 the property owner fails to make a payment as required by the

1 agreement, a penalty accrues as provided by Section 33.01(a) on the  
2 unpaid balance as if the owner had not entered into the agreement.

3 SECTION 3. Section 33.04, Tax Code, is amended to read as  
4 follows:

5 Sec. 33.04. NOTICE OF DELINQUENCY. (a) At least once each  
6 year the collector for a taxing unit shall deliver a notice of  
7 delinquency to each person whose name appears on the current  
8 delinquent tax roll. However, the notice need not be delivered if:

9 (1) a bill for the tax was not mailed under Section  
10 31.01(f); or

11 (2) the collector does not know and by exercising  
12 reasonable diligence cannot determine the delinquent taxpayer's  
13 name and address.

14 (b) A notice of delinquency must contain the following  
15 statement in capital letters: "IF THE PROPERTY DESCRIBED IN THIS  
16 DOCUMENT IS YOUR RESIDENCE HOMESTEAD, YOU SHOULD CONTACT THE (NAME  
17 OF TAXING UNIT) REGARDING A RIGHT YOU MAY HAVE TO ENTER INTO AN  
18 INSTALLMENT AGREEMENT DIRECTLY WITH THE (NAME OF TAXING UNIT) FOR  
19 THE PAYMENT OF THESE TAXES."

20 (c) The collector for a taxing unit must deliver a notice of  
21 delinquency to a person who is in breach of an installment agreement  
22 under Section 33.02 and to any other owner of an interest in the  
23 property subject to the agreement whose name appears on the  
24 delinquent tax roll before the collector may seize and sell the  
25 property or file a suit to collect a delinquent tax subject to the  
26 agreement.

27 SECTION 4. Chapter 51, Property Code, is amended by adding

1 Section 51.0011 to read as follows:

2 Sec. 51.0011. DEFAULT ARISING FROM DELINQUENT AD VALOREM  
3 TAXES: INSTALLMENT AGREEMENTS. (a) Notwithstanding any agreement  
4 to the contrary, a debtor is not in default under a deed of trust or  
5 other contract lien on real property used as the debtor's residence  
6 for the delinquent payment of ad valorem taxes if:

7 (1) the debtor gave notice to the mortgage servicer of  
8 the intent to enter into an installment agreement with the taxing  
9 unit under Section 33.02, Tax Code, for the payment of the taxes at  
10 least 10 days before the date the debtor entered into the agreement;  
11 and

12 (2) the property is protected from seizure and sale  
13 and a suit may not be filed to collect a delinquent tax on the  
14 property as provided by Section 33.02(d), Tax Code.

15 (b) A mortgage servicer who receives a notice described by  
16 Subsection (a)(1) may pay the taxes subject to the installment  
17 agreement at any time.

18 (c) A mortgage servicer who receives a notice described by  
19 Subsection (a)(1) and gives the debtor notice that the mortgage  
20 servicer intends to accelerate the note securing the deed of trust  
21 or other contract lien as a result of the delinquency of the taxes  
22 that are subject to the installment agreement must rescind the  
23 notice if the debtor enters into the agreement not later than the  
24 30th day after the date the debtor delivers the notice.

25 SECTION 5. (a) The change in law made by this Act to Section  
26 31.031, Tax Code, applies only to ad valorem taxes imposed for a tax  
27 year beginning on or after the effective date of this Act.

1           (b) The change in law made by this Act to Section 33.02, Tax  
2 Code, applies only to an installment agreement for the payment of  
3 delinquent ad valorem taxes entered into on or after the effective  
4 date of this Act. An installment agreement for the payment of  
5 delinquent ad valorem taxes entered into before the effective date  
6 of this Act is governed by the law in effect on the date the  
7 agreement was entered into, and the former law is continued in  
8 effect for that purpose.

9           (c) The change in law made by this Act to Section 33.04, Tax  
10 Code, applies only to a notice of delinquency delivered on or after  
11 the effective date of this Act. A notice of delinquency delivered  
12 before the effective date of this Act is governed by the law in  
13 effect on the date the notice was delivered, and the former law is  
14 continued in effect for that purpose.

15           SECTION 6. This Act takes effect September 1, 2013.

David Newhurst  
President of the Senate

Joe Straus  
Speaker of the House

I certify that H.B. No. 1597 was passed by the House on May 7, 2013, by the following vote: Yeas 143, Nays 1, 2 present, not voting.

Robert Nancy  
Chief Clerk of the House

I certify that H.B. No. 1597 was passed by the Senate on May 22, 2013, by the following vote: Yeas 31, Nays 0.

Ratsy Spaw  
Secretary of the Senate

APPROVED: 14 JUNE '13

Date

Rick Perry  
Governor

FILED IN THE OFFICE OF THE  
SECRETARY OF STATE  
10PM O'CLOCK

JUN 14 2013

[Signature]  
Secretary of State