

SUBJECT: Correcting an appraisal roll after error in business personal property value

COMMITTEE: Ways and Means — favorable, without amendment

VOTE: 9 ayes — Meyer, Thierry, Button, Cole, Guerra, Murphy, Noble,  
Rodriguez, Shine

0 nays

2 absent — Martinez Fischer, Sanford

SENATE VOTE: On final passage, May 5 — 31-0, on Local and Uncontested Calendar

WITNESSES: For — Scott Retzloff, Ryan, LLC; (*Registered, but did not testify*: Paul Pennington, Citizens For Appraisal Reform; Stephen Grant, Popp Hutcheson PLLC; Matt Grabner, Ryan, LLC; R. Clint Smith, Texas Association of Property Tax Professionals; Carl Walker, Texas Taxpayers and Research Association; Richard DeOtte; Yvette DeOtte)

Against — (*Registered, but did not testify*: Robert Norris)

On — (*Registered, but did not testify*: Korry Castillo, Comptroller of Public Accounts)

BACKGROUND: Tax Code sec. 25.25 generally prohibits an appraisal roll, which contains the appraisal records of an appraisal district, from being changed, with certain exceptions. Under sec. 25.25(d), for example, a property owner or the chief appraiser may file a motion with the appraisal review board to change the appraisal roll to correct an error that resulted in an incorrect appraised value for the owner's property in certain circumstances.

Sec. 22.01 requires a person to render for taxation all tangible personal property used for the production of income that the person owns or manages. A rendition statement must include certain information, including the property owner's good faith estimate of the market value or the historical cost of the property.

**DIGEST:** SB 1421 would allow an appraisal review board (ARB), on motion of the chief appraiser or a property owner, to direct changes in the appraisal roll or related appraisal records for the current or preceding two tax years to correct an inaccuracy in the appraised value of the owner's tangible personal property that was the result of an error or omission in a rendition statement or property report.

The roll could not be changed for any tax year in which:

- the property owner failed to timely file the rendition statement or property report and was assessed a penalty;
- the property was the subject of a protest brought by the owner, a protest hearing was conducted, and the ARB made a determination;
- the property was the subject of a previous motion and the chief appraiser and owner agreed to the correction, the ARB determined the motion, or the ARB determined that the owner forfeited the right to a final determination for failing to comply with certain prepayment requirements; or
- the appraised value of the property was established as a result of a written agreement between the property owner or their agent and the appraisal district.

The bill would take effect September 1, 2021, and would apply only to a motion to correct an appraisal roll filed on or after that date.

**SUPPORTERS SAY:** SB 1421 would allow taxpayers to correct errors on their rendition statements just as they are allowed to correct errors on their tax returns. It can be difficult to locate and estimate the market value of business personal property, and rendition statements reporting those values are due during the busiest time of the year for tax documents. The bill would allow an appraisal review board to change the appraisal roll or records to correct an error or omission in a rendition statement or property report, giving taxpayers the opportunity to correct an inaccuracy in the valuation of their business personal property.

CRITICS  
SAY:

No concerns identified.

NOTES:

According to the Legislative Budget Board, the bill could reduce taxable property values if property owners requested appraisal roll corrections for tangible personal property in the current or two previous years. Related costs to the Foundation School Fund could be increased through the operation of the school finance formulas.