

BILL ANALYSIS

Senate Research Center

S.B. 340
By: Staples
Finance
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DIGEST AND PURPOSE

Currently, Section 22.01, Tax Code, requires the rendering of personal property used in the production of income for ad valorem tax purposes. However, no penalty exists for the failure to render such property. As proposed, S.B. 340 creates a penalty for the failure to render such properties and provides criteria for the information that is required to be included in the rendition statement.

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 22.01, Tax Code, by amending Subsection (a) and adding Subsections (f) through (i), as follows:

- (a) Requires a rendition statement to contain certain information related to tangible property for taxation. Deletes existing text “he” and replaces it with “the person.” Makes a nonsubstantive change.
- (f) Provides that notwithstanding Subsections (a) and (b), a person who owns tangible personal property used for the production of income located in the appraisal district that, in the owner’s opinion, has an aggregate value of less than \$20,000 is only required to render the name and address of the property owner and the physical location or situs of the property.
- (g) Provides that a person’s good faith estimate of the market value of the property under Subsection (a)(5) is solely for the purpose of compliance with the requirement to render tangible personal property and is inadmissible in any subsequent protest, hearing, appeal, suit, or other proceeding involving whether the person complied with this section.
- (h) Provides that if the property is the subject of the rendition is regulated by certain state or federal regulatory entities, the owner of the property is deemed to have complied with the requirements of this section if the owner provides to the chief appraiser, on written request of the chief appraiser, a copy of the annual regulatory report covering the property and sufficient information to enable the chief appraiser to allocate the value of the property among the appropriate taxing jurisdiction in the appraisal district.
- (i) Provides that Subsection (a) does not apply to a property owner whose property is subject to appraisal by a third party retained by the appraisal district if the property owner provides information regarding the property directly to the third party appraiser.

SECTION 2. Amends Section 22.07, Tax Code, by adding Subsection (c), to authorize the chief appraiser to request either in writing or by electronic means, that the property owner provide a statement containing supporting information indicating how the owner’s good faith estimate of value

rendered under Section 22.01(a)(5) was determined. Requires the property owner to provide the statement, either in writing or by electronic means, not later than the 15th day after the date the chief appraiser's request is received. Provides that the owner's statement is solely for informational purposes and is not admissible as evidence in any subsequent protest, suit, appeal, or other proceeding involving the property.

SECTION 3. Amends Section 22.23(b), Tax Code, to require, rather than authorize, the chief appraiser, on written request of the property owner, rather than for good cause shown in writing, to extend a deadline for filing a rendition statement or property report to May 15, rather than by written order to a date not later than April 30. Authorizes the chief appraiser to further extend the deadline an additional 15 days upon good cause shown in writing by the property owner. Deletes existing text related to extending the filing deadline until April 30, for property regulated by the Public Utility Commission of Texas or the Railroad Commission of Texas.

SECTION 4. Amends Sections 22.24(b), (c), and (d), Tax Code, as follows:

(b) Requires a person filing a rendition or report to include all information required by Section 22.01, rather than by the form.

(c) Provides that a form may not require, but may permit, a property owner to furnish information not specifically required by this chapter to be reported. Deletes existing text related to information not relevant to the appraisal of property for tax purposes or to the assessment or collection of property taxes.

(d) Requires a rendition or report form to permit but not require a property owner to state the owner's good faith estimate of the market value of the property, except as required by Section 22.01(a), rather than providing a form must permit but may not require a property owner to state an opinion about the market value of the owner's property. Makes a nonsubstantive change.

SECTION 5. Amends Chapter 22B, Tax Code, by adding Sections 22.28, 22.29, and 22.30, as follows:

Sec. 22.28. PENALTY FOR DELINQUENT REPORT. Authorizes the chief appraiser, except as otherwise provided by Section 22.30, to impose a penalty of 10 percent of the amount of the tax due on a person who fails to timely file a rendition statement or property report required by this chapter.

Sec. 22.29. PENALTY FOR FRAUD OR INTENT TO EVADE TAX. Requires the chief appraiser to impose an additional penalty of 50 percent of the amount of the tax due if it is finally determined by a court of competent jurisdiction that the person took certain actions related to fraud or the intent to evade the tax.

Sec. 22.30. WAIVER OF PENALTY. (a) Requires the chief appraiser to waive the penalty imposed by Section 22.28 or 22.29 if the person exercised reasonable diligence to comply with or has substantially complied with the requirements of this chapter. Requires a written request, accompanied by supporting documentation, stating the grounds on which penalties should be waived to be sent to the chief appraiser not later than the 30th day after the date the person received notification of the imposition of the penalty. Requires the chief appraiser to make a determination of the penalty waiver request based on the information submitted.

(b) Requires the chief appraiser to notify the person of the chief appraiser's determination regarding the penalty waiver request after considering certain factors.

SECTION 6. Amends Section 25.19, Tax Code, by adding Subsection (k), to prohibit the chief

appraiser, notwithstanding any other provision of this section, from delivering a written notice concerning property that is required to be rendered under Chapter 22 until the applicable deadline for filing the rendition statement has passed.

SECTION 7. Amends Section 41.43, Tax Code, by amending Subsection (a) and adding Subsection (d), as follows:

(a) Makes a conforming change related to the creation of Subsection (d), as added by this Act. Provides that in a protest authorized by Section 41.41(a)(1), rather than 41.41(1), the appraisal district has the burden of establishing the value of the property by a preponderance of the evidence presented at the hearing.

(d) Provides that if the property owner fails to deliver, before the date of the hearing, a rendition statement or property report required by Chapter 22, the property owner has the burden of establishing the value of the property by a preponderance of the evidence presented at the hearing. Requires the protest to be determined in favor of the appraisal district, if the property owner fails to meet the standard.

SECTION 8. Effective date: January 1, 2004.

Makes application of this Act prospective.