BILL ANALYSIS

Senate Research Center

S.B. 1508
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Finance
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Lenders who finance heavy equipment have faced losses in recent years when the owner of heavy equipment fails to pay personal property tax on other items and the lender's equipment is faced with a tax lien. In some such cases, the lender has lost its property because of the owner's failure to pay taxes on other items. This issue can be corrected by allowing the lender to render the owner's property separate from the owner's other personal property, and therefore prohibiting it from being subject to tax liens potentially created on the other property.

S.B. 1508 is a permissive bill that allows a secured party, as defined by the Business and Commerce Code, to render for taxation property in which it has a security interest. This rendering may only occur with the consent of the property owner, and may only occur for property that cost more than $50,000 when new. The party rendering the property must include its fiduciary capacity and other required information.

When the secured party renders the information, it will allow the related property to be accounted for outside of the other property rendered by the owner. Thus, the lender would be less likely to lose its property because of a tax lien on other items held by the owner.

As proposed, S.B. 1508 amends current law relating to the rendition of certain property.

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 Sections 22.01(c) and (d), Tax Code, by adding Subsections (c-1), (c-2), and (d-1), as follows:

(c) Makes no change to this subsection.

(c-1) Defines "secured party" and "security interest" for the purposes of this section.

(c-2) Authorizes a secured party, with the consent of the property owner, to render for taxation any property of the property owner in which such secured party has a security interest as of January 1, although he is not required to render it by Subsection (a) (relating to requiring a person, except as provided by Chapter 24 (Central Appraisal), to render for taxation all tangible personal property used for the production of income that the person owns or that the person manages and controls as a fiduciary on January 1) or (b) (relating to requiring a person, when required by the chief appraiser, to render for taxation any other taxable property that he owns or that he manages and controls as a fiduciary on January 1). Provides that this subsection only applies to property that had a cost when new of more than $50,000.

(d) Makes no change to this subsection.

(d-1) Requires a secured party who renders property to indicate his capacity and to state the name and address of the owner. Entitles a secured party to rely upon the property owner with respect to the accuracy of the rendition statement, the district in which such rendition statement is filed, and compliance with any provisions of this chapter requiring the property owner to supply additional information. Prohibits the secured party from being liable for any false information on the rendition statement supplied by the property owner or the failure to timely file the rendition statement if the property owner fails to promptly cooperate with the secured party.

SECTION 2. Amends Section 22.24(e), Tax Code, to provide that this subsection does not apply to a rendition or report filed by a secured party as defined in Section 9.102 (Definitions and Index of Definitions), Business and Commerce Code, the property owner, an employee of the property owner, or an employee of a property owner on behalf of an affiliated entity of the property owner.

SECTION 3. Effective date: January 1, 2014.