BILL ANALYSIS

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.

C.S.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.

C.S.S.B. 1508 amends current law relating to the rendition of certain property for ad valorem tax purposes.

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

(c-1) Defines "secured party" and "security interest" in 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 the secured party has a security interest on January 1, although the secured party is not required to render the property 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 applies only to property that has a historical cost when new of more than $50,000.

(d-1) Requires a secured party who renders property under Subsection (c-2) to indicate the party's status as a secured party and to state the name and address of the property owner. Provides that a secured party is not liable for inaccurate information included on the rendition statement if the property owner supplied the information or for failure to

timely file the rendition statement if the property owner failed to property cooperate with the secured party. Authorizes a secured party to rely on information provided by the property owner with respect to the accuracy of information in the rendition statement, the appraisal district in which the rendition statement is required to be filed, and compliance with any provisions of this chapter that require the property owner to supply additional information.

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 by Section 22.01 (Rendition Generally), 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. Provides that this Act applies only to the rendition of property for ad valorem tax purposes for a tax year that begins on or after the effective date of this Act.

SECTION 4. Effective date: January 1, 2014.