

BILL ANALYSIS

Senate Research Center
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S.B. 946
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Finance
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, there are numerous deadlines throughout the Property Tax Code which cause confusion for property owners, business owners, and companies. Some of these deadlines also have the ability to disrupt the budget and tax rate adoption process for taxing unit jurisdictions. S.B. 946 creates more clear and consistent deadlines for various processes in Sections 11.4391(a), 21.09(b), 22.23(c), 22.23(d), 41.44(a), 41.44(c), 41.44(b-1), Tax Code.

Freeport Application Deadline:

S.B. 946 amends Section 11.4391(a), Tax Code, to set a new late application deadline of June 1 for Freeport applications. Currently, a late application can be filed by mail up to the day before the Section 41.12, Tax Code, record approval. Often, these late applications are not physically received until after the roll is certified. If, for example, a 50% or 75% Freeport is granted after the roll is certified, the resulting impact can be catastrophic. This is especially true for small taxing units. Moving the late application deadline to June 1 will positively impact taxing units and assist with the tax rate adoption process.

Allocation Application:

Requests for interstate allocations are required to be made by May 1, though they can be extended 45-60 days depending on the circumstances. Current procedures permit both timely and untimely applications, resulting in applications being filed later and later. These applications frequently involve tens and hundreds of millions of dollars and have the potential to impact an appraisal district's ability to timely certify appraisal rolls. Shortening these application periods, while still providing ample extension windows, supports appraisal district activities and improves the accuracy of the appraisal rolls.

S.B. 946 amends Section 21.09(b), Tax Code, to require allocation applications to be made no later than April 1. The chief appraiser may extend the deadline 30 days for good cause (previously 45 days). For property not on the appraisal roll in the preceding year, the allocation application deadline is extended to the 30th day after receipt of the notice (previously 60 days).

Rendition Deadline:

Millions of tons of goods are received annually through the Port of Houston. Currently under Section 22.23(b), Tax Code, the combination of the 30-day automatic extension and 15-day good cause extension to file renditions leaves the appraisal district with only a few weeks to process over 200,000 business personal property accounts. This all must happen before the Section 41.12, Tax Code, record approval and Section 26.01, Tax Code, appraisal roll certification. That entire process includes entering and analyzing rendered data, notifying owners of value, and processing and hearing protests.

S.B. 946 amends Section 22.23, Tax Code, to require rendition statements to be delivered to the chief appraiser not later than April 1, while retaining the 30-day good cause extension. This change will help to ensure accuracy of rolls and minimize an unfair shifting of tax burdens. A deadline of April 30th has been created for property owners with especially complicated or transient property. In these cases, a 15-day good cause extension is available.

Consistent Protest Deadline:

Under the Tax Code, property owners must file a written notice to be entitled to a hearing and determination of protest. Concerning single-family residences, the deadline is before May 1, or not later than the 30th day after receiving a notice under Section 25.19, Tax Code. Otherwise, the deadline is before June 1, or not later than the 30th day after receiving a notice under Section 25.19, Tax Code.

These separate deadlines result in needless confusion, missed deadlines, and an inefficient tax protest system. In the case of a homeowner who also owns a commercial property, he or she would likely have two different protest deadlines.

S.B. 946 amends Section 41.11, Tax Code, to create a protest deadline of May 15th, regardless of whether the property is a single family residence or not, subject to the additional 30 days for later value notices under Section 25.19, Tax Code. This change eliminates procedural confusion, allows for more transparency in the tax protest process, and helps to ensure equal access to taxpayer remedies.

As proposed, S.B. 946 amends current law relating to deadlines for performing various functions in connection with the ad valorem tax system.

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 11.4391(a), Tax Code, to require the chief appraiser of an appraisal district to accept and approve or deny an application for an exemption for freeport goods under Section 11.251 (Tangible Personal Property Exempt) after the deadline for filing it has passed if it is filed not later than June 1, rather than filed before the date the appraisal review board (board) approves the appraisal records.

SECTION 2. Amends Section 21.09(b), Tax Code, as follows:

(b) Requires a person claiming an allocation to file a completed allocation application form before April 1, rather than before May 1, and provide the information required by the form. Provides that, if the property was not on the appraisal roll in the preceding year, the deadline for filing the allocation application form is extended to the 30th day, rather than to the 45th day, after the date of receipt of the notice of appraised value required by Section 25.19(a)(3) (relating to the property not on the appraisal roll in the preceding year). Requires the chief appraiser, for good cause shown, to extend the deadline for filing an allocation application form by written order for a period not to exceed 30 days, rather than not to exceed 60 days.

SECTION 3. Amends Sections 22.23, Tax Code, by adding Subsections (c) and (d), as follows:

(c) Requires rendition statements and property reports for property located in an appraisal district in which one or more taxing units exempt property under Section 11.251, notwithstanding Subsections (a) and (b), to be delivered to the chief appraiser not later than April 1. Authorizes the chief appraiser to extend the filing deadline to not later than May 1 for good cause on written request by the property owner.

(d) Requires rendition statements and property reports for property regulated by certain state and federal entities, notwithstanding any other provision of this section, to be delivered to the chief appraiser not later than April 30, except as provided by Section 22.02 (Rendition of Property Losing Exemption During Tax Year or For Which Exemption Application is Denied). Authorizes the chief appraiser to extend the filing deadline 15 days for good cause on written request by the property owner.

SECTION 4. Amends Section 41.11(a), Tax Code, to require an owner who receives a notice as provided by this section to be entitled to protest such action as provided by Section 41.44(a)(2) (requiring the property owner to file notice of protest within a certain period), rather than Section 41.44(a)(3) (requiring the property owner to file notice of protest within a certain period in the case of a protest of a change in appraisal records).

SECTION 5. Amends Sections 41.44(a) and (c), Tax Code, as follows:

(a) Deletes a reference to an exception provided by Subsection (b-1). Requires the property owner initiating a protest, to be entitled to a hearing and determination of the protest, to file a written notice of the protest with the board having authority to hear the matter protested before May 15 or not later than the 30th day after the date that notice to the property owner was delivered to the property owner as provided by Section 25.19 (Notice of Appraised Value), whichever is later. Deletes existing text requiring the property owner initiating a protest, to be entitled to a hearing and determination of the protest, to file a written notice of the protest with the board having authority to hear the matter protested before May 1 or not later than the 30th day after the date that notice to the property owner was delivered to the property owner as provided by Section 25.19, if the property is a single-family residence that qualifies for an exemption under Section 11.13 (Residence Homestead), whichever is later; or, among certain other stipulations, before June 1 or not later than the 30th day after the date that notice was delivered to the property owner as provided by Section 25.19 in connection with any other property, whichever is later. Redesignates existing Subdivisions (3)-(5) as Subdivisions (2)-(4).

(c) Provides that an owner of land who files a notice of protest under Subsection (a)(3), rather than under Subsection (a)(4), is entitled to a hearing and determination of the protest without regard to whether the appraisal records are approved.

SECTION 6. Repealer: Section 41.44(b-1) (relating to certain property owners who file notices of protest after the prescribed deadline but before the board approves appraisal records), Tax Code.

SECTION 7. Makes application of this Act prospective.

SECTION 8. Effective date: January 1, 2018.