

BILL ANALYSIS

H.B. 2726
By: Talton
Local Government Ways and Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Currently, under Section 23.20, Tax Code, Waiver of Special Appraisal, a taxpayer may waive the right to special appraisal - usually open-space valuation - to one or more taxing entities. If special appraisal is waived, the taxpayer's property is taxed by the taxing unit at its market value, rather than at open-space value, for example. The taxpayer's property is therefore taxed at the higher of the two values by the taxing unit from which waiver is requested, continuing to be taxed at the lower value (usually open-space) by the other taxing units that tax the property.

Under Section 23.12, Tax Code, Inventory, a taxpayer is entitled to have inventory (residential real property which has never been occupied and is held for sale - most notably vacant lots) taxed at the price for which it would sell to a purchaser who would continue the business. Inventory appraisal usually results in a discount for the property.

HB 2726 proposes to allow a taxpayer who has property appraised under Section 23.12 to waive inventory appraisal from one or more taxing units and continue to receive inventory appraisal from the other taxing units in which the property is located.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

SECTION 1.

Specifies that an owner of inventory like an owner of real property, may waive the right to a special appraisal. The waiver of this right to special appraisal may be submitted at any time and follows the same existing procedures that exist for waiving the right to special appraisal of real property.

Makes conforming changes to Section 23.20(e), Tax Code, to reflect the name change of the Texas Natural Resource Conservation Commission to the Texas Commission on Environmental Quality. Also, specifies that waivers under this section that apply to real property are properly and timely executed.

SECTION 2.

Specifies the effect date of this Act.

EFFECTIVE DATE

January 1, 2004 and applies only to the appraisal of property for ad valorem tax purposes for a tax year beginning on or after that date.

