

By: Hill

H.B. No. 1807

A BILL TO BE ENTITLED

AN ACT

relating to the rendition of property for ad valorem tax purposes and to the consequences of a failure to render property.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 22.01(a), Tax Code, is amended to read as follows:

(a) Except as provided by Chapter 24 of this code, a person shall render for taxation:

(1) all tangible personal property used for the production of income that the person [he] owns or that the person [he] manages and controls as a fiduciary on January 1; and

(2) all real property used for the production of income, other than property appraised under Subchapter C, D, E, F, G, or H, Chapter 23, that the person owns or that the person manages and controls as a fiduciary on January 1.

SECTION 2. Section 22.24(d), Tax Code, is amended to read as follows:

(d) A rendition or report form shall require an owner of property described by Section 22.01(a) to state the owner's opinion about the market value of the property. A rendition or report form shall permit but may not require an [a property] owner of property other than property described by Section 22.01(a) to state the owner's [his] opinion about the market value of the [his] property. An owner of property described by Section 22.01(a) shall base the

1 owner's opinion about the market value of the property on the cost
2 of the property less an amount for any depreciation in the value of
3 the property, except that if the owner believes that use of that
4 method does not accurately establish the market value of the
5 property and the owner provides documentation in support of that
6 belief and in support of the accuracy of another valuation method,
7 the owner may base the owner's opinion on the other valuation
8 method.

9 SECTION 3. Subchapter B, Chapter 22, Tax Code, is amended by
10 adding Sections 22.28 and 22.29 to read as follows:

11 Sec. 22.28. PENALTY FOR FAILURE TO DELIVER RENDITION
12 STATEMENT OR PROPERTY REPORT. (a) If a person required by Section
13 22.01, 22.04, or 22.05 to deliver a rendition statement or property
14 report to the chief appraiser fails to deliver the statement or
15 report in the time required by this chapter, the chief appraiser may
16 provide written notice to the person that a penalty will be imposed
17 unless the person delivers the statement or report. If the person
18 fails to deliver the statement or report before the 60th day after
19 the date the notice is given, a penalty is imposed on the property
20 required to be included on the statement or report by each taxing
21 unit that imposes taxes on the property.

22 (b) The amount of the penalty is equal to the product of:

23 (1) the amount of taxes ultimately imposed by the
24 taxing unit for the tax year on the property divided by the
25 aggregate amount of taxes ultimately imposed by all taxing units
26 for the tax year on the property; and

27 (2) the sum of:

1 (A) \$10,000; and

2 (B) \$1,000 for each day that the rendition
3 statement or property report is not delivered following the 60th
4 day after the date notice is given under Subsection (a).

5 (c) If a person required by Section 22.01, 22.04, or 22.05
6 to deliver a rendition statement or property report to the chief
7 appraiser fails to deliver the statement or report in the time
8 required by Subsection (a), the chief appraiser shall:

9 (1) appraise the property as of January 1 of the year
10 in which the person was required to deliver the rendition statement
11 or property report and enter in the appraisal records the appraised
12 and taxable value of the property, if the property was not
13 previously included in the appraisal records;

14 (2) make an entry in the appraisal records for the
15 property indicating liability for the penalty imposed under
16 Subsection (a) and the amount of the penalty, if known; and

17 (3) send a written notice of imposition of the penalty
18 to the person required to deliver the statement or report that
19 includes an explanation of the procedures for protesting the
20 imposition of the penalty.

21 (d) The assessor for each taxing unit that imposes taxes on
22 the property shall add the amount of the penalty to the unit's tax
23 bill for taxes on the property or, if the tax bill has been
24 delivered, shall deliver to the property owner a supplemental bill
25 for the penalty. The penalty is due and shall be collected at the
26 same time and in the same manner as the taxes on the property.

27 (e) A penalty imposed under Subsection (a) that becomes

1 delinquent accrues penalties and interest in the same manner as a
2 delinquent tax.

3 (f) A penalty imposed under Subsection (a) and any penalty
4 or interest accruing on the penalty:

5 (1) are the personal obligation of the property owner;
6 and

7 (2) constitute a lien on the property on which the
8 penalty is imposed.

9 Sec. 22.29. INVESTIGATIONS AND AUDITS. (a) The chief
10 appraiser, or a person authorized by the chief appraiser in
11 writing, may:

12 (1) examine, copy, and photograph the books, records,
13 and papers of a person who files a rendition statement or property
14 report required by this chapter to verify the accuracy of the
15 statement or report; and

16 (2) by delivery of written notice to the property
17 owner or to an employee, representative, or agent of the property
18 owner, not later than the 10th working day after the date the notice
19 is delivered, require the property owner to produce to the chief
20 appraiser or an agent or designated representative of the chief
21 appraiser for inspection the books, records, and papers used as a
22 basis for the preparation of the rendition statement or property
23 report.

24 (b) If the chief appraiser determines as the result of an
25 investigation under this section that the chief appraiser's
26 reliance on a rendition statement or property report resulted in
27 the omission or undervaluation of taxable property in the current

1 tax year or in any one of the two preceding tax years in the case of
2 tangible personal property or in any one of the five preceding tax
3 years in the case of real property, the chief appraiser shall add
4 the omitted property or the portion of the appraised value of
5 undervalued property that was erroneously omitted for each tax year
6 to the appraisal roll as provided by Section 25.21 for other
7 property that escapes taxation.

8 (c) Copies of books, records, or papers made or retained by
9 the chief appraiser or an agent or representative of the chief
10 appraiser in the course of an investigation under this section are
11 confidential to the same degree that a rendition statement or
12 property report is confidential under Section 22.27.

13 (d) If a property owner fails to comply with Subsection
14 (a)(2), the chief appraiser may provide written notice to the
15 property owner that a penalty will be imposed unless the person
16 complies with that subsection. If the person fails to comply with
17 that subsection before the 60th day after the date the notice is
18 given, a penalty is imposed on the property required to be included
19 on the rendition statement or report by each taxing unit that
20 imposes taxes on the property. Section 22.28 applies to a penalty
21 imposed under this subsection as if the penalty were imposed under
22 that section.

23 SECTION 4. Section 41.41(a), Tax Code, is amended to read as
24 follows:

25 (a) A property owner is entitled to protest before the
26 appraisal review board the following actions:

27 (1) determination of the appraised value of the

1 owner's property or, in the case of land appraised as provided by
2 Subchapter C, D, E, or H, Chapter 23, determination of its appraised
3 or market value;

4 (2) unequal appraisal of the owner's property;

5 (3) inclusion of the owner's property on the appraisal
6 records;

7 (4) denial to the property owner in whole or in part of
8 a partial exemption;

9 (5) determination that the owner's land does not
10 qualify for appraisal as provided by Subchapter C, D, E, or H,
11 Chapter 23;

12 (6) identification of the taxing units in which the
13 owner's property is taxable in the case of the appraisal district's
14 appraisal roll;

15 (7) determination that the property owner is the owner
16 of property;

17 (8) a determination that a change in use of land
18 appraised under Subchapter C, D, E, or H, Chapter 23, has occurred;

19 [~~or~~]

20 (9) the imposition of a penalty under Section 22.28 or
21 22.29; or

22 (10) any other action of the chief appraiser,
23 appraisal district, or appraisal review board that applies to and
24 adversely affects the property owner.

25 SECTION 5. Section 42.29, Tax Code, is amended by adding
26 Subsection (c) to read as follows:

27 (c) A taxing unit that prevails in an appeal by a property

1 owner of the imposition of a penalty under Section 22.28 or 22.29
2 may be awarded court costs and reasonable attorney's fees.

3 SECTION 6. This Act takes effect January 1, 2004, and
4 applies only to ad valorem taxes imposed for a tax year beginning on
5 or after that date and the rendition of property for ad valorem tax
6 purposes for a tax year that begins on or after that date.