

By: Geren

H.B. No. 2186

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 22.24, Tax Code, is amended by amending Subsections (c) and (d) and adding Subsections (c-1) and (c-2) to read as follows:

(c) The comptroller may prescribe or approve different forms for different kinds of property but shall ensure that each form requires a property owner to furnish the information necessary to identify the property and to determine its ownership, taxability, and situs.

(c-1) A rendition or report form for tangible personal property used for the production of income must require the property owner to describe the property and to state:

(1) the location of the property;

(2) the original cost of the property as reflected in the books and records of the property owner;

(3) the tax year in which the property owner acquired the property; and

(4) the property owner's good faith estimate of the market value of the property.

(c-2) A rendition or report form may require a property owner to include other information that the comptroller determines

1 to be necessary for the proper administration of taxation of
2 property subject to this chapter but may not require a property
3 owner to furnish information not relevant to the appraisal of
4 property for tax purposes or to the assessment or collection of
5 property taxes.

6 (d) A rendition or report form for property other than
7 tangible personal property used for the production of income shall
8 permit but may not require a property owner to state the property
9 owner's [~~his~~] opinion about the market value of the [~~his~~] property.

10 SECTION 2. Subchapter B, Chapter 22, Tax Code, is amended by
11 adding Sections 22.28 and 22.29 to read as follows:

12 Sec. 22.28. PENALTY FOR FAILURE TO DELIVER RENDITION
13 STATEMENT OR PROPERTY REPORT. (a) If a person required by Section
14 22.01, 22.04, or 22.05 to deliver a rendition statement or property
15 report to the chief appraiser fails to deliver the statement or
16 report in the time required by this chapter, a penalty is imposed on
17 the property required to be included on the statement or report by
18 each taxing unit that imposes taxes on the property.

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

20 (1) five percent of the amount of taxes ultimately
21 imposed by the taxing unit for the tax year on the property if the
22 person delivers the rendition statement or property report to the
23 chief appraiser before the 31st day after the date the statement or
24 report is due; or

25 (2) 10 percent of the amount of taxes ultimately
26 imposed by the taxing unit for the tax year on the property if the
27 person fails to deliver the rendition statement or property report

1 to the chief appraiser before the 31st day after the date the
2 statement or report is due.

3 (c) Notwithstanding Subsection (b), if the amount of the
4 penalty computed under that subsection is less than \$1, the amount
5 of the penalty is \$1.

6 (d) The penalty provided by this section is not imposed if:

7 (1) the rendition statement or property report was
8 required by Section 22.01; and

9 (2) the chief appraiser determines that the total
10 appraised value of all of the property for which the statement or
11 report was required that is owned by the property owner and is
12 located in the appraisal district does not exceed \$15,000.

13 (e) If a person required by Section 22.01, 22.04, or 22.05
14 to deliver a rendition statement or property report to the chief
15 appraiser fails to deliver the statement or report in the time
16 required by this chapter, the chief appraiser shall:

17 (1) appraise the property as of January 1 of the year
18 in which the person was required to deliver the rendition statement
19 or property report and enter in the appraisal records the appraised
20 and taxable value of the property, if the property was not
21 previously included in the appraisal records;

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

25 (3) send a written notice of imposition of the penalty
26 to the person required to deliver the statement or report that
27 includes an explanation of the procedures for protesting the

1 imposition of the penalty.

2 (f) The assessor for each taxing unit that imposes taxes on
3 the property shall add the amount of the penalty to the unit's tax
4 bill for taxes on the property or, if the tax bill has been
5 delivered, shall deliver to the property owner a supplemental bill
6 for the penalty. The penalty is due and shall be collected at the
7 same time and in the same manner as the taxes on the property.

8 (g) A penalty imposed under Subsection (a) that becomes
9 delinquent accrues penalties and interest in the same manner as a
10 delinquent tax.

11 (h) A penalty imposed under Subsection (a) and any penalty
12 or interest accruing on the penalty:

13 (1) are the personal obligation of the property owner;
14 and

15 (2) constitute a lien on the property on which the
16 penalty is imposed.

17 Sec. 22.29. INVESTIGATIONS AND AUDITS. (a) The chief
18 appraiser may apply to the appraisal review board for authorization
19 to conduct an investigation of a property owner under this section.

20 (b) The appraisal review board must:

21 (1) schedule a hearing on the application; and

22 (2) mail to the property owner or the property owner's
23 agent by certified mail, return receipt requested, not later than
24 the 30th day before the date of the hearing notice that a hearing on
25 the application will be held unless the property owner or the
26 owner's agent submits to the appraisal review board an audit or
27 statement prepared by a certified public accountant who is not an

1 employee of the property owner or the owner's agent verifying that
2 the rendition statement or property report delivered by the
3 property owner is accurate.

4 (c) The appraisal review board may not grant the application
5 of the chief appraiser if the property owner or the owner's agent
6 submits an audit or statement under Subsection (b)(2) that verifies
7 the accuracy of the rendition statement or property report.

8 (d) If an audit or statement that complies with Subsection
9 (b)(2) is not submitted, the appraisal review board shall hold a
10 hearing on the application of the chief appraiser. The chief
11 appraiser and the property owner or the property owner's agent may
12 appear at the hearing and offer evidence and argument. At the
13 conclusion of the hearing, the appraisal review board shall grant
14 or deny the application. The appraisal review board may grant the
15 application only if the chief appraiser shows good cause for the
16 investigation. The appraisal review board's decision on the
17 application is not subject to judicial review.

18 (e) If the appraisal review board authorizes the
19 investigation, the chief appraiser, or a person authorized by the
20 chief appraiser in writing, may:

21 (1) examine, copy, and photograph the books, records,
22 and papers of the property owner to verify the accuracy of the
23 rendition statement or report delivered by the property owner; and

24 (2) by delivery of written notice to the property
25 owner or to an employee, representative, or agent of the property
26 owner, not later than the 10th working day after the date the notice
27 is delivered, require the property owner to produce to the chief

1 appraiser or an agent or designated representative of the chief
2 appraiser for inspection the books, records, and papers used as a
3 basis for the preparation of the rendition statement or property
4 report.

5 (f) If the chief appraiser determines as the result of an
6 investigation under this section that the chief appraiser's
7 reliance on a rendition statement or property report resulted in
8 the omission or undervaluation of taxable property in the current
9 tax year or in any one of the two preceding years with regard to
10 personal property or in any one of the five preceding tax years with
11 regard to real property, the chief appraiser shall add the omitted
12 property or the portion of the appraised value of undervalued
13 property that was erroneously omitted for each tax year to the
14 appraisal roll as provided by Section 25.21 for other property that
15 escapes taxation.

16 (g) The chief appraiser may not conduct an investigation of
17 a property owner under this section more frequently than once every
18 four years, except that if the chief appraiser takes action under
19 Subsection (f) as a result of an investigation of a property owner,
20 the chief appraiser, with the authorization of the appraisal review
21 board in the manner provided by Subsections (a)-(d), may conduct an
22 investigation of the property owner in the following year.

23 (h) Copies of books, records, or papers made or retained by
24 the chief appraiser or an agent or representative of the chief
25 appraiser in the course of an investigation under this section are
26 confidential to the same degree that a rendition statement or
27 property report is confidential under Section 22.27.

1 (i) The chief appraiser may not employ a person on a
2 contingency fee basis to conduct an audit under this section.

3 SECTION 3. The heading to Section 23.011, Tax Code, is
4 amended to read as follows:

5 Sec. 23.011. COST METHOD OF APPRAISAL: REAL PROPERTY.

6 SECTION 4. Subchapter A, Chapter 23, Tax Code, is amended by
7 adding Section 23.0115 to read as follows:

8 Sec. 23.0115. COST METHOD OF APPRAISAL: TANGIBLE PERSONAL
9 PROPERTY. (a) If the chief appraiser uses the cost method of
10 appraisal to determine the value of tangible personal property used
11 for the production of income on the basis of information provided in
12 a rendition statement or property report, the chief appraiser shall
13 use the methods and procedures specified by the appraisal manuals
14 developed under Subsection (b) to determine the depreciated value
15 of the property.

16 (b) The comptroller by rule shall develop and distribute to
17 each appraisal office appraisal manuals that:

18 (1) prescribe depreciation schedules for common types
19 of tangible personal property used for the production of income;

20 (2) specify the methods of applying the schedules to
21 appraise property on the basis of information provided in a
22 rendition statement or property report; and

23 (3) prescribe the method that a chief appraiser shall
24 use to calculate depreciation for any type of tangible personal
25 property used for the production of income that is not covered by a
26 depreciation schedule prescribed by the comptroller.

27 SECTION 5. This Act takes effect January 1, 2004, and

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1 applies only to ad valorem taxes imposed for a tax year beginning on
2 or after that date and the rendition of property for ad valorem tax
3 purposes for a tax year that begins on or after that date.