

AN ACT

relating to the rendition and appraisal of property for ad valorem tax purposes and to the use of electronic means for certain interactions between property owners and appraisal districts, taxing units, or other tax officials; providing civil penalties.

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

SECTION 1. Section 1.085, Tax Code, is amended by amending Subsection (b) and adding Subsections (e), (f), and (g) to read as follows:

(b) An agreement between a chief appraiser and a property owner must:

(1) be in writing;

(2) be signed by the chief appraiser and the property owner; and

(3) specify:

(A) the medium of communication;

(B) the type of communication covered; ~~and~~

(C) the means for protecting the security of a communication;

(D) the means for confirming delivery of a communication; and

(E) the electronic mail address of the property owner or person designated to represent the property owner under Section 1.111, as applicable.

1       (e) The comptroller by rule:

2           (1) shall prescribe acceptable media, formats,  
3 content, and methods for the electronic transmission of notices  
4 required by Section 25.19; and

5           (2) may prescribe acceptable media, formats, content,  
6 and methods for the electronic transmission of other notices,  
7 renditions, and applications.

8       (f) In an agreement entered into under this section, a chief  
9 appraiser may select the medium, format, content, and method to be  
10 used by the appraisal district from among those prescribed by the  
11 comptroller under Subsection (e).

12       (g) Notwithstanding Subsection (a), if a property owner  
13 whose property is included in 25 or more accounts in the appraisal  
14 records of the appraisal district requests the chief appraiser to  
15 enter into an agreement for the delivery of the notice required by  
16 Section 25.19 in an electronic format, the chief appraiser must  
17 enter into an agreement under this section for that purpose and  
18 shall deliver the notice in accordance with an electronic medium,  
19 format, content, and method prescribed by the comptroller under  
20 Subsection (e).

21       SECTION 2. Section 1.09, Tax Code, is amended to read as  
22 follows:

23       Sec. 1.09. AVAILABILITY OF FORMS. When a property owner is  
24 required by this title to use a form, the office or agency with  
25 which the form is filed shall make printed and electronic versions  
26 of the forms readily and timely available and shall furnish a  
27 property owner a form without charge.

1           SECTION 3. Section 22.01, Tax Code, is amended by amending  
2 Subsection (a) and adding Subsections (f) through (j) to read as  
3 follows:

4           (a) Except as provided by Chapter 24 [~~of this code~~], a  
5 person shall render for taxation all tangible personal property  
6 used for the production of income that the person [~~he~~] owns or that  
7 the person [~~he~~] manages and controls as a fiduciary on January 1. A  
8 rendition statement shall contain:

9                   (1) the name and address of the property owner;

10                   (2) a description of the property by type or category;

11                   (3) if the property is inventory, a description of  
12 each type of inventory and a general estimate of the quantity of  
13 each type of inventory;

14                   (4) the physical location or taxable situs of the  
15 property; and

16                   (5) the property owner's good faith estimate of the  
17 market value of the property or, at the option of the property  
18 owner, the historical cost when new and the year of acquisition of  
19 the property.

20           (f) Notwithstanding Subsections (a) and (b), a rendition  
21 statement of a person who owns tangible personal property used for  
22 the production of income located in the appraisal district that, in  
23 the owner's opinion, has an aggregate value of less than \$20,000 is  
24 required to contain only:

25                   (1) the name and address of the property owner;

26                   (2) a general description of the property by type or  
27 category; and

1           (3) the physical location or taxable situs of the  
2 property.

3           (g) A person's good faith estimate of the market value of  
4 the property under Subsection (a)(5) is solely for the purpose of  
5 compliance with the requirement to render tangible personal  
6 property and is inadmissible in any subsequent protest, hearing,  
7 appeal, suit, or other proceeding under this title involving the  
8 property, except for:

9           (1) a proceeding to determine whether the person  
10 complied with this section;

11           (2) a proceeding under Section 22.29(b); or

12           (3) a protest under Section 41.41.

13           (h) If the property that is the subject of the rendition is  
14 regulated by the Public Utility Commission of Texas, the Railroad  
15 Commission of Texas, the federal Surface Transportation Board, or  
16 the Federal Energy Regulatory Commission, the owner of the property  
17 is considered to have complied with the requirements of this  
18 section if the owner provides to the chief appraiser, on written  
19 request of the chief appraiser, a copy of the annual regulatory  
20 report covering the property and sufficient information to enable  
21 the chief appraiser to allocate the value of the property among the  
22 appropriate taxing units for which the appraisal district appraises  
23 property.

24           (i) Subsection (a) does not apply to a property owner whose  
25 property is subject to appraisal by a third party retained by the  
26 appraisal district if the property owner provides information  
27 substantially equivalent to that required by Subsection (a)

1 regarding the property directly to the third party appraiser.

2 (j) Subsection (a) does not apply to property that is exempt  
3 from taxation.

4 SECTION 4. Section 22.02, Tax Code, is amended to read as  
5 follows:

6 Sec. 22.02. RENDITION OF PROPERTY LOSING EXEMPTION DURING  
7 TAX YEAR OR FOR WHICH EXEMPTION APPLICATION IS DENIED. (a) If an  
8 exemption applicable to a property on January 1 terminates during  
9 the tax year, the person who owns or acquires the property on the  
10 date applicability of the exemption terminates shall render the  
11 property for taxation within 30 days after the date of termination.

12 (b) If the chief appraiser denies an application for an  
13 exemption for property described by Section 22.01(a), the person  
14 who owns the property on the date the application is denied shall  
15 render the property for taxation in the manner provided by Section  
16 22.01 within 30 days after the date of denial.

17 SECTION 5. Section 22.07, Tax Code, is amended by adding  
18 Subsections (c) through (f) to read as follows:

19 (c) The chief appraiser may request, either in writing or by  
20 electronic means, that the property owner provide a statement  
21 containing supporting information indicating how the value  
22 rendered under Section 22.01(a)(5) was determined. The statement  
23 must:

24 (1) summarize information sufficient to identify the  
25 property, including:

26 (A) the physical and economic characteristics  
27 relevant to the opinion of value, if appropriate; and

1                   (B) the source of the information used;  
2                   (2) state the effective date of the opinion of value;  
3 and  
4                   (3) explain the basis of the value rendered. If the  
5 property owner is a business with 50 employees or less, the property  
6 owner may base the estimate of value on the depreciation schedules  
7 used for federal income tax purposes.

8                   (d) The property owner shall deliver the statement to the  
9 chief appraiser, either in writing or by electronic means, not  
10 later than the 21st day after the date the chief appraiser's request  
11 is received. The owner's statement is solely for informational  
12 purposes and is not admissible in evidence in any subsequent  
13 protest, suit, appeal, or other proceeding under this title  
14 involving the property other than:

15                   (1) a proceeding to determine whether the property  
16 owner has complied with this section;

17                   (2) a proceeding under Section 22.29(b); or

18                   (3) a protest under Section 41.41.

19                   (e) A statement provided under this section is confidential  
20 information and may not be disclosed, except as provided by Section  
21 22.27.

22                   (f) Failure to comply with this section in a timely manner  
23 is considered to be a failure to timely render under Section 22.01  
24 and penalties as described in Section 22.28 shall be applied by the  
25 chief appraiser.

26                   SECTION 6. Section 22.23, Tax Code, is amended by amending  
27 Subsection (b) and adding Subsection (c) to read as follows:

1           (b) On written request [~~For good cause shown in writing~~] by  
2 the property owner, the chief appraiser shall [~~may~~] extend a  
3 deadline for filing a rendition statement or property report [~~by~~  
4 ~~written order~~] to May 15 [~~a date not later than April 30~~]. The chief  
5 appraiser [~~However, if the property that is the subject of the~~  
6 ~~rendition is regulated by the Public Utility Commission of Texas or~~  
7 ~~the Railroad Commission of Texas, the chief appraiser, upon written~~  
8 ~~request by the property owner, shall extend the filing deadline~~  
9 ~~until April 30, and~~] may further extend the deadline an additional  
10 15 days upon good cause shown in writing by the property owner.

11           (c) If before December 1, 2003, a person files a rendition  
12 statement for the 2003 tax year that provides the information  
13 required by Section 22.01 as that section exists on January 1, 2004,  
14 and, as a result of that information, the chief appraiser discovers  
15 that some or all of that person's tangible personal property used  
16 for the production of income was omitted from the appraisal roll in  
17 one of the two preceding years, the chief appraiser may not add the  
18 value of the omitted property to the 2001 or 2002 appraisal roll.  
19 This subsection expires January 1, 2005.

20           SECTION 7. Subsections (b), (c), and (d), Section 22.24,  
21 Tax Code, are amended to read as follows:

22           (b) A person filing a rendition or report shall include all  
23 information required by Section 22.01 [~~the form~~].

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

1 taxability, and situs. A form may not require but may permit a  
2 property owner to furnish information not specifically required by  
3 this chapter to be reported. In addition, a form prescribed or  
4 approved under this subsection must contain the following statement  
5 in bold type: "If you make a false statement on this form, you could  
6 be found guilty of a Class A misdemeanor or a state jail felony  
7 under Section 37.10, Penal Code." [~~relevant to the appraisal of~~  
8 ~~property for tax purposes or to the assessment or collection of~~  
9 ~~property taxes.~~]

10 (d) Except as required by Section 22.01(a), a [A] rendition  
11 or report form shall permit but [~~may~~] not require a property owner  
12 to state the owner's good faith estimate of [his opinion about] the  
13 market value of the [his] property.

14 SECTION 8. Subchapter B, Chapter 22, Tax Code, is amended by  
15 adding Sections 22.28, 22.29, and 22.30 to read as follows:

16 Sec. 22.28. PENALTY FOR DELINQUENT REPORT. (a) Except as  
17 otherwise provided by Section 22.30, the chief appraiser shall  
18 impose a penalty on a person who fails to timely file a rendition  
19 statement or property report required by this chapter in an amount  
20 equal to 10 percent of the total amount of taxes imposed on the  
21 property for that year by taxing units participating in the  
22 appraisal district.

23 (b) The chief appraiser may retain a portion of a penalty  
24 collected under this section, not to exceed 20 percent of the amount  
25 of the penalty, to cover the chief appraiser's costs of collecting  
26 the penalty. The chief appraiser shall distribute the remainder of  
27 the penalty to each taxing unit participating in the appraisal



1 district that imposes taxes on the property in proportion to the  
2 taxing unit's share of the total amount of taxes imposed on the  
3 property by all taxing units participating in the district.

4 Sec. 22.29. PENALTY FOR FRAUD OR INTENT TO EVADE TAX.

5 (a) The chief appraiser shall impose an additional penalty on the  
6 person equal to 50 percent of the total amount of taxes imposed on  
7 the property for the tax year of the statement or report by the  
8 taxing units participating in the appraisal district if it is  
9 finally determined by a court that:

10 (1) the person filed a false statement or report with  
11 the intent to commit fraud or to evade the tax; or

12 (2) the person alters, destroys, or conceals any  
13 record, document, or thing, or presents to the chief appraiser any  
14 altered or fraudulent record, document, or thing, or otherwise  
15 engages in fraudulent conduct, for the purpose of affecting the  
16 course or outcome of an inspection, investigation, determination,  
17 or other proceeding before the appraisal district.

18 (b) Enforcement of this section shall be by a proceeding  
19 initiated by the district or county attorney of the county in which  
20 the appraisal is established, on behalf of the appraisal district.

21 (c) In making a determination of liability under this  
22 section, the court shall consider:

23 (1) the person's compliance history with respect to  
24 paying taxes and filing statements or reports;

25 (2) the type, nature, and taxability of the specific  
26 property involved;

27 (3) the type, nature, size, and sophistication of the

1 person's business or other entity for which property is rendered;

2 (4) the completeness of the person's records;

3 (5) the person's reliance on advice provided by the  
4 appraisal district that may have contributed to the violation;

5 (6) any change in appraisal district policy during the  
6 current or preceding tax year that may affect how property is  
7 rendered; and

8 (7) any other factor the court considers relevant.

9 (d) The chief appraiser may retain a portion of a penalty  
10 collected under this section, not to exceed 20 percent of the amount  
11 of the penalty, to cover the chief appraiser's costs of collecting  
12 the penalty. The chief appraiser shall distribute the remainder of  
13 the penalty to each taxing unit participating in the appraisal  
14 district that imposes taxes on the property in proportion to the  
15 taxing unit's share of the total amount of taxes imposed on the  
16 property by all taxing units participating in the district.

17 Sec. 22.30. WAIVER OF PENALTY. (a) The chief appraiser  
18 may waive the penalty imposed by Section 22.28 or 22.29 if the chief  
19 appraiser determines that the person exercised reasonable  
20 diligence to comply with or has substantially complied with the  
21 requirements of this chapter. A written request, accompanied by  
22 supporting documentation, stating the grounds on which penalties  
23 should be waived must be sent to the chief appraiser not later than  
24 the 30th day after the date the person received notification of the  
25 imposition of the penalty. The chief appraiser shall make a  
26 determination of the penalty waiver request based on the  
27 information submitted.

1       (b) The chief appraiser shall notify the person of the chief  
2 appraiser's determination regarding the penalty waiver request  
3 after considering:

4           (1) the person's compliance history with respect to  
5 paying taxes and filing statements or reports;

6           (2) the type, nature, and taxability of the specific  
7 property involved;

8           (3) the type, nature, size, and sophistication of the  
9 person's business or other entity for which property is rendered;

10          (4) the completeness of the person's records;

11          (5) the person's reliance on advice provided by the  
12 appraisal district that may have contributed to the person's  
13 failure to comply and the imposition of the penalty;

14          (6) any change in appraisal district policy during the  
15 current or preceding tax year that may affect how property is  
16 rendered; and

17          (7) any other factors that may have caused the person  
18 to fail to timely file a statement or report.

19       (c) A property owner is entitled to protest before the  
20 appraisal review board the failure or refusal of a chief appraiser  
21 to waive a penalty under Subsection (a).

22       SECTION 9. Section 23.23, Tax Code, is amended by adding  
23 Subsection (f) to read as follows:

24       (f) Notwithstanding Subsections (a) and (e) and except as  
25 provided by Subdivision (2), an improvement to property that would  
26 otherwise constitute a new improvement is not treated as a new  
27 improvement if the improvement is a replacement structure for a

1 structure that was rendered uninhabitable or unusable by a casualty  
2 or by mold or water damage. For purposes of appraising the property  
3 in the tax year in which the structure would have constituted a new  
4 improvement:

5 (1) the last year in which the property was appraised  
6 for taxation before the casualty or damage occurred is considered  
7 to be the last year in which the property was appraised for taxation  
8 for purposes of Subsection (a)(2)(A); and

9 (2) the replacement structure is considered to be a  
10 new improvement only to the extent it is a significant improvement  
11 over the replaced structure as that structure existed before the  
12 casualty or damage occurred.

13 SECTION 10. Section 25.19, Tax Code, is amended by adding  
14 Subsection (k) to read as follows:

15 (k) Notwithstanding any other provision of this section,  
16 the chief appraiser may not deliver a written notice concerning  
17 property that is required to be rendered or reported under Chapter  
18 22 until after the applicable deadline for filing the rendition  
19 statement or property report.

20 SECTION 11. Section 41.43, Tax Code, is amended by amending  
21 Subsection (a) and adding Subsection (d) to read as follows:

22 (a) Except as provided by Subsection (d), in [~~It~~] a protest  
23 authorized by Section 41.41(a)(1) [~~41.41(1)~~] or (2), the appraisal  
24 district has the burden of establishing the value of the property by  
25 a preponderance of the evidence presented at the hearing. If the  
26 appraisal district fails to meet that standard, the protest shall  
27 be determined in favor of the property owner.

1        (d) If the property owner fails to deliver, before the date  
2 of the hearing, a rendition statement or property report required  
3 by Chapter 22 or a response to the chief appraiser's request for  
4 information under Section 22.07(c), the property owner has the  
5 burden of establishing the value of the property by a preponderance  
6 of the evidence presented at the hearing. If the property owner  
7 fails to meet that standard, the protest shall be determined in  
8 favor of the appraisal district.

9        SECTION 12. (a) Except as provided by Subsections (b) and  
10 (c) of this section, this Act takes effect January 1, 2004, and  
11 applies only to the rendition of property for ad valorem tax  
12 purposes for a tax year that begins on or after that date.

13        (b) Sections 1.085 and 1.09, Tax Code, as amended by this  
14 Act, take effect January 1, 2005.

15        (c) Subsection (c), Section 22.23, Tax Code, as added by  
16 this Act, takes effect September 1, 2003, and applies to the  
17 rendition of property for ad valorem tax purposes for the 2003 tax  
18 year.

19        (d) Subsection (f), Section 23.23, Tax Code, as added by  
20 this Act, applies to the appraisal of property for a tax year  
21 beginning on or after the effective date of this Act regardless of  
22 whether the casualty or mold or water damage occurred before, on, or  
23 after the effective date of this Act.

24        (e) Except as provided by Subsection (f) of this section,  
25 the changes in law made by this Act to Section 1.085, Tax Code,  
26 apply only to an agreement between a chief appraiser and a property  
27 owner entered into on or after January 1, 2005. An agreement

1 between a chief appraiser and a property owner entered into before  
2 January 1, 2005, is governed by the law in effect on the date the  
3 agreement was entered into, and the former law is continued in  
4 effect for that purpose.

5 (f) Notwithstanding Subsection (b) of this section, in the  
6 case of an appraisal district established for a county with a  
7 population of 500,000 or less, the changes in law made by this Act  
8 to Section 1.085, Tax Code, apply only to an agreement between the  
9 chief appraiser and a property owner entered into on or after  
10 January 1, 2006. An agreement between the chief appraiser of such  
11 an appraisal district and a property owner entered into before  
12 January 1, 2006, is governed by the law in effect on the date the  
13 agreement was entered into, and the former law is continued in  
14 effect for that purpose.

15 (g) Notwithstanding Subsection (b) of this section, an  
16 appraisal district established in a county with a population of  
17 500,000 or less or a taxing unit located in a county with a  
18 population of 500,000 or less is not required to comply with Section  
19 1.09, Tax Code, as amended by this Act, until January 1, 2006.

\_\_\_\_\_  
President of the Senate

\_\_\_\_\_  
Speaker of the House

I hereby certify that S.B. No. 340 passed the Senate on April 24, 2003, by the following vote: Yeas 27, Nays 4; May 21, 2003, Senate refused to concur in House amendments and requested appointment of Conference Committee; May 24, 2003, House granted request of the Senate; May 31, 2003, Senate adopted Conference Committee Report by the following vote: Yeas 30, Nays 0.

\_\_\_\_\_  
Secretary of the Senate

I hereby certify that S.B. No. 340 passed the House, with amendments, on May 10, 2003, by a non-record vote; May 24, 2003, House granted request of the Senate for appointment of Conference Committee; May 31, 2003, House adopted Conference Committee Report by a non-record vote.

\_\_\_\_\_  
Chief Clerk of the House

Approved:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Governor