

BILL ANALYSIS

S.B. 282
By: Madla
Ways & Means
Committee Report (Amended)

BACKGROUND AND PURPOSE

Currently, all taxable property must be appraised at its market value unless the law provides for a different value. However, because the purchase price of property is not required to be disclosed, appraisal districts must rely on the multiple listing service (MLS) and various other, sometimes unreliable, sources of information regarding the value of property. The tax burden has been shifted to owners of moderately-priced residential property because the purchase price of commercial and high-end residential property is not listed in MLS or otherwise disclosed, preventing the property from being accurately valued and taxed.

S.B. 282, in order to provide equity for all taxpayers and fulfill the constitutional requirement that all taxation is fair and equitable, requires a transferee of real property to file a sales price disclosure report with the chief appraiser of the appraisal district in which the property is located within ten business days after the closing date. The sales price disclosure report content is prescribed within the legislation and includes the price of the property and other relevant information.

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

S.B. 282 requires the purchaser or grantee of real property to file a signed sales price disclosure report with the chief appraiser of the appraisal district established for the county in which the property is located. The bill provides that the requirement does not apply to a sale or other transfer of real property if the sale or other transfer is made in a certain manner or the real property is a severed mineral interest.

The bill sets forth the information to be contained in the report and how the report is to be handled by the chief appraiser and appraisal district. The bill requires a sales price disclosure report to be prepared by the purchaser or grantee of the property described in the report or by a person on behalf of the purchaser or grantee. The bill provides that a person who prepares a sales price disclosure report on behalf of a purchaser or grantee of the property described in the report is not liable to any person for preparing the report or for any unintentional error or omission in the report.

The bill authorizes the chief appraiser to bring an action for an injunction to compel a person to comply with the requirements of the subchapter and provides that if the court finds that this subchapter applies and that the person has failed to fully comply with its requirements, the court is required to order the person to comply and is authorized to assess costs and reasonable attorney's fees against the person.

The bill provides that a sales price disclosure report filed with the chief appraiser under this subchapter is a public record and must be made available on request for inspection and copying during normal business hours.

The bill authorizes the chief appraiser to use information contained in a sales price disclosure report filed in determining the market value of real property but prohibits the chief appraiser

from increasing the market value of the real property described in the report solely on the basis of the information contained in the report.

The bill requires each appraisal district to prepare and make available sales price disclosure report forms as soon as practicable after the effective date of the Act, but not later than January 1, 2006.

EFFECTIVE DATE

September 1, 2005, except Sections 1, 2, and 3 take effect January 1, 2006.

EXPLANATION OF AMENDMENTS

Committee Amendment No. 1 strikes the portion of the bill that makes the sales price disclosure report a public record and makes the report confidential unless the person is an employee of the appraisal district who appraises property, providing exceptions. The amendment creates an offense for wrongfully disclosing the information, providing a defense.

Committee Amendment No. 2 limits the applicability of the bill to residential real property. The amendment removes from the reporting exemption the sale of real property made to a utility company if the real property is an easement, license, or right-of-way and the sale of real property if the real property is a severed mineral interest. The amendment removes the provision of the bill requiring the report to contain a section seeking additional information relating to, in the case of a sale, whether the sale is the sale of an entire business or business unit. The amendment limits the use of the sales price disclosure form to determining the market value of real residential property.