

## **BILL ANALYSIS**

Senate Research Center  
80R12066 UM-F

H.B. 1910  
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Intergovernmental Relations  
5/8/2007  
Engrossed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

The liability for a tax accrues on the first day of January of each year. A statutory tax lien attaches to personal property on January 1 to secure payment of the tax assessed on property for that year. School districts, cities, counties, and other political subdivisions rely upon the enforceability of the tax lien on personal property of a business to ensure the collection of the tax. Current law provides for the collection of taxes on personal property that is about to be removed from the appraisal rolls of a county in which the tax has been or will be assessed for the current tax year.

However, if the personal property of a business is liquidated in the process of the cessation of the business, the tax lien becomes unenforceable and the collection of the tax may be problematic. If the business is a limited liability company (LLC) or a corporation, collecting the tax may be virtually impossible as there is no personal property remaining against which to enforce the tax lien and there is no personal liability for payment of the tax by the members of an LLC or the shareholders of a corporation.

H.B. 1910 provides for the collection of property taxes from the personal property of a business that is being liquidated in connection with the cessation of the business.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 33.21(b), Tax Code, to include the discovery by a collector that a person's personal property, on which a tax has been or will be imposed by a taxing unit, is about to be sold in a liquidation sale in connection with the cessation of a business, as a circumstance under which the person's personal property is subject to seizure for payment of that tax. Makes a nonsubstantive change.

SECTION 2. Makes application of Section 33.21, Tax Code, as amended by this Act, prospective.

SECTION 3. Effective date: September 1, 2007.