

BILL ANALYSIS

C.S.H.B. 2286

By: Puente

Local Government Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Currently under Chapter 22 of the Texas Tax Code, the property owner's good faith estimate of the market value of the property or, at the option of the property owner, the historical cost when new and the year of acquisition of the property.

Thirty nine states, including Texas plus the District of Columbia tax personal property. Texas is the only state that does not authorize audits of property rendition statements.

The purpose of this bill would authorize the chief appraiser, following an audit and the finding of erroneous data or omission, could assess the business for the current taxes plus the preceding five years.

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

SECTION 1. Amends Chapter 22B, Tax Code, by adding section 22.31 as follows:

Sec. 22.31. INVESTIGATIONS AND AUDITS. (a) Authorizes the chief appraiser, or a person authorized by the chief appraiser, to perform certain functions to verify the accuracy of a rendition statement or property report and to require the property owner or certain representatives of the property owner to produce the books, records, and papers used in preparation of the rendition statement or property report.

(b) Requires, if the chief appraiser determines as the result of an investigation under this section that the chief appraiser's reliance on a rendition statement or a property report resulted in the omission or undervaluation of taxable property in the current tax year or in any one of the five preceding years, the chief appraiser to add the omitted property or the portion of the appraised value of undervalued property erroneously omitted for each tax year to the appraisal roll as provided by Section 25.21 (Omitted Property) for other property that escapes taxation.

(c) Prohibits the chief appraiser from conducting an investigation of a property owner under this section more than once every three years, unless the chief appraiser takes action under Subsection (b) as a result of an investigation of a property owner, the chief appraiser may conduct an investigation of the property owner in the following year.

(d) Provides that the same degree of confidentiality will be maintained for copies of books, records, or papers made or retained by the chief appraiser or the chief appraiser's agent or representative in the course of an investigation under Section 22.27 (Confidential Information) as for that of a rendition statement or property report.

(e) Prohibits the chief appraiser from employing a person on a contingency fee basis to conduct an audit under this section.

COMPARISON OF ORIGINAL TO SUBSTITUTE

In the substitute, new language was added to Sec. 22.31. Investigations and Audits. (a). The substitute also extends days from 10 to 21 on line 16, Sec. 22.31 (a)(2). Sec. 22.31. The substitute also amends this bill by adding (f)(g) to Sec. 22.31. Investigations and Audits.

EFFECTIVE DATE

This Act takes effect January 1, 2008.