

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 23, 2011

TO: Honorable Steve Ogden, Chair, Senate Committee on Finance

FROM: John S O'Brien, Director, Legislative Budget Board

IN RE: HB533 by Villarreal (Relating to the rendition of property for ad valorem tax purposes and to the protest of a penalty imposed for a failure to timely file a rendition statement or property report.), **As Engrossed**

No fiscal implication to the State is anticipated.

The bill would amend Chapter 22 of the Tax Code, regarding property taxation and renditions, to provide that a person is not required to render certain personal property (furniture, fixtures, and equipment) that is appraised on the basis of rental income. The bill would require the chief appraiser to send a written notice by first class mail to the property owner when a penalty is imposed for failure to timely file a rendition statement or property report required by law and would provide that this notice could be delivered with a notice of appraised value. The bill would require the chief appraiser to certify to the assessor for each taxing unit when a penalty imposed under this chapter has become final. The bill would specify that a penalty becomes final if the property owner does not protest the penalty before the appraisal review board (ARB); there is an ARB determination denying a penalty waiver and the owner does not appeal to district court; a district court judgment sustaining the determination has become final; or a court order that imposes the penalty has become final.

A written request to waive the penalty would have to be sent to the chief appraiser before June 1 or not later than the 30th day after the date of receipt of the notification to impose the penalty, whichever is later. The bill would remove the authorization of the chief appraiser to waive the penalty for fraud or intent to evade a tax under Section 22.29. The bill would provide for the chief appraiser to send by first class mail a written notification of denial of the waiver; allow the property owner to protest the imposition of the penalty to an ARB by filing written notification within a specified timeline; and would require that the ARB, rather than the chief appraiser, consider specified issues before making a determination.

The bill would specify that ARB hearing procedures be governed by Subchapter C, Chapter 41 of the Tax Code and that a property owner is entitled to appeal an ARB decision to district court under Chapter 42 of the Tax Code. The chief appraiser and a protesting party would be authorized to enter into a settlement agreement on the matter being protested, if both parties agree that there was a mistake.

Because the bill is procedural in nature and does not affect property values, tax rates, or the amount of penalties paid to taxing units, there would be no cost to local taxing units or the state.

The bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2011.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, KK, SD, SJS