

BILL ANALYSIS

C.S.H.B. 3437
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Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Owners of certain personal property, such as business aircraft, are entitled to receive an interstate allocation of the property tax imposed on the aircraft based on the number of days the aircraft is located in the state. Interested parties assert that because state law does not impose a deadline for filing an application for the interstate allocation, some appraisal districts have imposed their own deadlines and have denied some applications that are not filed by the deadline. C.S.H.B. 3437 seeks to provide owners of certain personal property with consistency with regard to the administration of their property taxes.

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

C.S.H.B. 3437 amends the Tax Code to require a person, in order to claim an allocation for property tax purposes of the value of personal property, a vessel or other watercraft, commercial aircraft, or business aircraft used in and outside Texas, to apply for the allocation by filing an allocation application form with the chief appraiser in the appraisal district in which the property subject to the claimed allocation has taxable situs.

C.S.H.B. 3437 requires a person claiming an allocation to apply for the allocation each year the person claims the allocation, to file a completed allocation application form not later than the deadline for filing a rendition of the property, and to provide the information required by the form. The bill extends the deadline for filing the allocation application form to the 30th day after the date of receipt of the notice of appraised value if the property was not on the appraisal roll in the preceding year. The bill requires the chief appraiser, for good cause shown, to extend the deadline for filing an allocation application form by written order for a period not to exceed 60 days. The bill requires the comptroller of public accounts to prescribe the contents of the allocation application form and requires the form to consist of a single form that serves as a rendition of value in addition to an application for an allocation. The bill requires the comptroller to ensure that the form requires an applicant to provide a good faith estimate of the market value of the property or the historical cost when new and the year of acquisition of the property and the information necessary to determine the validity of the allocation claim.

C.S.H.B. 3437 requires the chief appraiser to investigate if the chief appraiser learns of any reason indicating that an allocation previously allowed should be canceled. The bill requires the chief appraiser to cancel the allocation and deliver written notice of the cancellation not later than the fifth day after the date the chief appraiser makes the cancellation if the chief appraiser determines that the property is not entitled to an allocation. The bill authorizes a person to protest the cancellation of an allocation. The bill establishes that a person who files a completed allocation application form is not required to file a rendition of the property.

C.S.H.B. 3437 requires the chief appraiser to accept and approve or deny an application for an allocation after the deadline for filing the application has passed if the application is filed before the date the appraisal review board approves the appraisal records. The bill makes a property owner whose application is approved liable to each taxing unit for a penalty in an amount equal to 10 percent of the difference between the amount of tax imposed by the taxing unit on the property without the allocation and the amount of tax imposed on the property with the allocation. The bill requires the chief appraiser to make an entry on the appraisal records for the property indicating the property owner's liability for the penalty and to deliver a written notice of imposition of the penalty to the property owner explaining the reason for its imposition. The bill requires the tax assessor for a taxing unit that taxes the property to add the amount of the penalty to the property owner's tax bill and requires the tax collector for the unit to collect the penalty at the time and in the manner the collector collects the tax. The bill establishes that the amount of the penalty constitutes a lien against the property against which the penalty is imposed, as if the penalty were a tax, and accrues penalty and interest in the same manner as a delinquent tax.

C.S.H.B. 3437 applies its provisions to the allocation of the value of property for property tax purposes beginning with the 2013 tax year, except that if the allocation of the value of property for property tax purposes for the 2013 tax year was finally determined before the bill's effective date, the bill's provisions apply to the allocation of the value of that property beginning with the 2014 tax year, and previous law applies to the 2013 tax year with respect to that property.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2013.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 3437 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and highlighted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Chapter 21, Tax Code, is amended by adding Sections 21.09 and 21.10 to read as follows:

Sec. 21.09. ALLOCATION APPLICATION. (a) To receive an allocation authorized by Section 21.03, 21.031, 21.05, or 21.055, a person claiming the allocation must apply for the allocation. To apply for an allocation, a person must file an allocation application form with the chief appraiser in the appraisal district in which the property subject to the claimed allocation has taxable situs.

(b) A person claiming an allocation must apply for the allocation each year the person claims the allocation. A person claiming an allocation must file a completed allocation application form before May 1 and must provide the information required by the form.

If the property was not on the appraisal roll

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Chapter 21, Tax Code, is amended by adding Sections 21.09 and 21.10 to read as follows:

Sec. 21.09. ALLOCATION APPLICATION. (a) To receive an allocation authorized by Section 21.03, 21.031, 21.05, or 21.055, a person claiming the allocation must apply for the allocation. To apply for an allocation, a person must file an allocation application form with the chief appraiser in the appraisal district in which the property subject to the claimed allocation has taxable situs.

(b) A person claiming an allocation must apply for the allocation each year the person claims the allocation. A person claiming an allocation must file a completed allocation application form not later than the deadline for filing a rendition of the property under Section 22.23 and must provide the information required by the form.

If the property was not on the appraisal roll

in the preceding year, the deadline for filing the allocation application form is extended to the 30th day after the date of receipt of the notice of appraised value required by Section 25.19(a)(3). For good cause shown, the chief appraiser shall extend the deadline for filing an allocation application form by written order for a period not to exceed 60 days.

(c) The comptroller shall prescribe the contents of the allocation application form and shall ensure that the form requires an applicant to provide the information necessary to determine the validity of the allocation claim.

(d) If the chief appraiser learns of any reason indicating that an allocation previously allowed should be canceled, the chief appraiser shall investigate. If the chief appraiser determines that the property is not entitled to an allocation, the chief appraiser shall cancel the allocation and deliver written notice of the cancellation not later than the fifth day after the date the chief appraiser makes the cancellation. A person may protest the cancellation of an allocation.

(e) The filing of a rendition under Chapter 22 is not a condition of qualification for an allocation.

Sec. 21.10. LATE APPLICATION FOR ALLOCATION.

SECTION 2. (a) The change in law made by this Act applies to the allocation of the value of property for ad valorem tax purposes beginning with the 2013 tax year, except as provided by Subsection (b) of this section.

(b) If the allocation of the value of property for ad valorem tax purposes for the 2013 tax year was finally determined before the effective date of this Act, the change in law made by this Act applies to the allocation of the value of that property beginning with the 2014 tax year, and the law in effect when the allocation of the value of that property was finally determined applies to the 2013 tax year with respect to that property.

in the preceding year, the deadline for filing the allocation application form is extended to the 30th day after the date of receipt of the notice of appraised value required by Section 25.19(a)(3). For good cause shown, the chief appraiser shall extend the deadline for filing an allocation application form by written order for a period not to exceed 60 days.

(c) The comptroller shall prescribe the contents of the allocation application form. The form must consist of a single form that serves as a rendition of value in addition to an application for an allocation. The comptroller shall ensure that the form requires an applicant to provide the information required by Section 22.01(a)(5) in addition to the information necessary to determine the validity of the allocation claim.

(d) If the chief appraiser learns of any reason indicating that an allocation previously allowed should be canceled, the chief appraiser shall investigate. If the chief appraiser determines that the property is not entitled to an allocation, the chief appraiser shall cancel the allocation and deliver written notice of the cancellation not later than the fifth day after the date the chief appraiser makes the cancellation. A person may protest the cancellation of an allocation.

(e) A person who files a completed allocation application form is not required to file a rendition of the property under Chapter 22.

Sec. 21.10. LATE APPLICATION FOR ALLOCATION.

SECTION 2. Same as introduced version.

SECTION 3. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2013.

SECTION 3. Same as introduced version.