

BILL ANALYSIS

S.B. 1508
By: Hegar
Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Interested parties note that lenders who finance heavy equipment have faced losses in recent years when the owner of heavy equipment fails to pay personal property tax on other items and the lender's equipment is faced with a tax lien. In some cases, the lender has lost its property because of the owner's failure to pay taxes on other items. The parties contend that this issue can be remedied by allowing the lender to render the owner's property separate from the owner's other personal property, thus prohibiting it from being subject to tax liens potentially created on the other property. S.B. 1508 seeks to implement that remedy as it relates to the rendition of certain property for property tax purposes.

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. 1508 amends the Tax Code to authorize a secured party, with the consent of a property owner, to render for taxation any property of the property owner that has a historical cost when new of more than \$50,000 and in which the secured party has a security interest on January 1, although the secured party is not required to render the property as tangible personal property used for the production of income that the person owns or that the person manages and controls as a fiduciary or, when required by the chief appraiser, as any other taxable property that the person owns or manages and controls as a fiduciary.

S.B. 1508 requires a secured party who so renders such property to indicate the party's status as a secured party and to state the name and address of the property owner and provides that a secured party is not liable for inaccurate information included on the rendition statement if the property owner supplied the information or for failure to timely file the rendition statement if the property owner failed to promptly cooperate with the secured party. The bill authorizes a secured party to rely on information provided by the property owner with respect to the accuracy of information in the rendition statement, the appraisal district in which the rendition statement must be filed, and compliance with any applicable statutory provisions that require the property owner to supply additional information.

S.B. 1508 exempts a rendition or report filed by a secured party from the requirement that the rendition or report be sworn to before an authorized officer in order to be valid.

S.B. 1508 defines "secured party" and "security interest" by reference to the terms' meanings assigned by the Business & Commerce Code for purposes of provisions related to secured transactions and for purposes of the Uniform Commercial Code, respectively.

EFFECTIVE DATE

January 1, 2014.