

BILL ANALYSIS

Senate Research Center
84R2523 CJC-F

S.B. 50
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Finance
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently the Tax Code provides that a tax lien attaches to all inventory, furniture, equipment, and other property that the property owner owns on January 1 of the year the lien attaches or that the property owner subsequently acquires. Historically, courts and taxing units have interpreted this provision to mean that a taxing entity's personal property tax lien attaches to all of the taxpayer's personal property wherever it is located, whether inside or outside the taxing jurisdiction. A recent federal court ruling, which stated that a county's tax lien securing property on taxes on certain personal property only reaches property located within that county, has the potential to limit the authority of taxing entities to assert a tax lien on personal property located within their respective jurisdictions. Given that personal property can be moved, this restrictive interpretation could facilitate an unscrupulous taxpayer's avoidance of such a lien's attachment to the taxpayer's personal property simply by moving that property, which would impede a taxing entity's ability to collect delinquent taxes.

S.B. 50 seeks to avoid this potential problem by clarifying that a tax lien for delinquent taxes continues to reach the applicable personal property of a taxpayer regardless of whether the property subsequently is moved out of the taxing entity's jurisdiction.

As proposed, S.B. 50 amends current law relating to ad valorem tax liens on personal property.

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 32.01(b), Tax Code, by providing that a tax lien on inventory, furniture, equipment, or other personal property is a lien in solido and attaches to all inventory, furniture, equipment, and other personal property that the property owner owns on January 1 of the year the lien attaches or that the property owner subsequently acquires, irrespective of whether the personal property is located within the boundaries of the taxing unit in whose favor the lien attaches.

SECTION 2. Effective date: upon passage or September 1, 2015.