

BILL ANALYSIS

Senate Research Center
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S.B. 1013
By: Hughes
Property Tax
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Stakeholders have observed that the current calculation for the monetary penalty to be assessed for a late filing of a freeport exemption or allocation can often result in a taxpayer being charged more in a penalty fee than in the actual taxes owed after the freeport exemption is applied. In some documented cases the late fee charged is greater than twice the amount of the property taxes owed.

S.B. 1013 would address this situation by implementing a maximum amount that can be charged for a freeport exemption or allocation late filing penalty in order to more appropriately align the penalty amount with the total amount of taxes owed on property that has been granted a freeport exemption or allocation.

As proposed, S.B. 1013 amends current law relating to the calculation of the penalty for filing a late application for certain ad valorem tax exemptions and allocations.

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 11.4391(b), Tax Code, to provide that, if an application for an exemption for freeport goods submitted after the deadline for filing it has passed is approved, the property owner is liable to each taxing unit allowing the exemption 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 inventory or property, a portion of which consists of freeport goods, and the amount that would otherwise have been imposed up to a maximum penalty of 10 percent of the tax imposed with the exemption.

SECTION 2. Amends Section 21.10(b), Tax Code, to provide that, if an application for a certain allocation submitted after the deadline for filing the application has passed is approved, the property owner is 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 up to a maximum penalty of 10 percent of the tax imposed with the allocation.

SECTION 3. Makes application of Section 11.4391(b), Tax Code, as amended by this Act, prospective.

SECTION 4. Makes application of Section 21.10(b), Tax Code, as amended by this Act, prospective.

SECTION 5. Effective date: September 1, 2019.