

BILL ANALYSIS

Senate Research Center

S.B. 1088
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Local Government
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Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Requiring real property owners to provide a copy of the appraised value notice is beneficial for lessees who may want to appeal the value, especially given the material cost at issue for such assessments. The requirement is a relatively minor burden on property owners as these leases typically involve a single lessee per parcel.

For the personal property leasing industry, however, one notice typically contains assets leased by multiple non-related taxpayers. In fact, it is possible to have up to several thousand separate lessees on a single notice. This is often the case when leasing assets such as vehicles, computer hardware, fitness equipment, and propane tanks. To comply with the notice requirement, property owners must provide every lessee (often hundreds or thousands) a copy of the notice that is specific to that lessee's asset(s)—it may not include any other assets or leases.

However, the notices themselves do not contain the information necessary for personal property lessees to make an appeal decision. The work papers for each asset are needed first, though property owners typically cannot obtain those for a month or two after the notice is received. Property owners then must reconcile the work papers back to the notice (on a per asset basis) and again distribute to all lessees—redacting each accordingly.

While requiring owners of real property to distribute a notice of assessment (which includes actionable information) to a single lessee makes sense, requiring owners of personal property to distribute a notice (which does not provide actionable information) to hundreds or thousands of lessees—who are also less likely to appeal—is not productive and is incredibly burdensome.

Proposal:

Amend Tax Code Section 41.413 to exclude personal property lessors from the obligation to provide notices of appraised value to individual lessees and make the requirement applicable only to lessors of real property. This change does not impact the right of a personal property lessee to appeal the assessed value of the property if the owner chooses not to appeal.

Background:

Tax Code Section 41.413 allows a person who leases property, and who is contractually obligated to reimburse the property owner for property taxes imposed on such property, the ability to appeal the assessed value if the owner chooses not to appeal. To that end, property owners are generally required to provide lessees a copy of the notice of appraised value within 10 days of receiving the notice. For multiple reasons, however, personal property lessors, as well as several jurisdictions, believe this notice requirement was geared toward the leasing of real property as opposed to personal property.

(Original Author's / Sponsor's Statement of Intent)

S.B. 1088 amends current law relating to the duty of the chief appraiser of an appraisal district to provide certain information.

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 Subchapter C, Chapter 11, Tax Code, by adding Section 11.50, as follows:

Sec. 11.50. PROVISION OF NAMES OF INDIVIDUALS RECEIVING RESIDENCE HOMESTEAD EXEMPTION TO ANOTHER CHIEF APPRAISER. (a) Authorizes the chief appraiser of an appraisal district to request that the chief appraiser of another appraisal district provide to the requesting chief appraiser a list of the names of all individuals who currently receive an exemption for a residence homestead in the appraisal district for which the request is made.

(b) Requires a chief appraiser who receives a request under Subsection (a) to provide the list to the requesting chief appraiser as soon as practicable.

(c) Provides that a provision of law making information described by Subsection (a) confidential does not apply to the disclosure of that information under this section to another chief appraiser.

SECTION 2. Amends Sections 41.413(d) and (e), Tax Code, as follows:

(d) Requires an owner of real property, rather than a property owner, to send to a person leasing property under a contract described by Subsection (b) (relating to entitling a person leasing real property to protest a certain determination before the appraisal review board), rather than by Section 41.413 (Protest by Person Leasing Property), a copy of any notice of appraised value of the property received by the property owner.

(e) Authorizes a person leasing real property, rather than property, under a contract described by Subsection (b), rather than by Section 41.413, to request that the chief appraiser of the appraisal district in which the property is located send the notice described by Subsection (d) to the person.

SECTION 3. Makes application of this Act prospective.

SECTION 4. Effective date: September 1, 2021.