

BILL ANALYSIS

Senate Research Center
89R3710 MLH-F

S.B. 1352
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Local Government
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Current law imposes a penalty for late interstate allocation and freeport exemption applications equal to 10 percent of the difference between the tax imposed with and without the exemption. This has resulted in penalties significantly exceeding the tax liability, including cases where a \$20,000 tax liability incurred a \$1 million penalty.

Personal property tax returns receive an automatic extension to May 15 upon request, but interstate allocation and freeport exemption applications require a separate request with demonstrated good cause. This proposal caps late penalties at 10 percent of the tax imposed (with the exemption) and automatically extends the filing deadline to May 15 when the personal property tax return extension is granted.

As proposed, S.B. 1352 amends current law relating to the deadline for filing an application for certain ad valorem tax exemptions or allocations and the calculation of the penalty for filing a late application for such an exemption or allocation.

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 11.43, Tax Code, by adding Subsection (d-1) as follows:

(d-1) Requires the chief appraiser, if the chief appraiser extends the deadline for a property owner to file a rendition statement or property report to May 15 under Section 22.23(b) (relating to requiring the chief appraiser to extend a deadline for filing a rendition statement or property report to May 15), to also extend the deadline for the property owner to file an application for an exemption under Section 11.251 (Tangible Personal Property Exempt) to May 15. Authorizes the chief appraiser, for good cause shown, to further extend the deadline for filing an exemption application by written order for a single period not to exceed 60 days from the deadline prescribed by Subsection (d) (relating to requiring a person required to claim an exemption to file a completed exemption application form before May 1 and to furnish the information required by the form).

SECTION 2. Amends Section 11.4391(b), Tax Code, as follows:

(b) Provides that, if the application for an exemption for freeport goods is approved, the property owner is liable to each taxing unit allowing the exemption for a penalty in an amount equal to the lesser of:

(1) creates this subdivision from existing text and makes a nonsubstantive change;
or

(2) 10 percent of the amount of tax imposed by the taxing unit on the inventory or property, a portion of which consists of freeport goods.

SECTION 3. Amends Section 21.09, Tax Code, by adding Subsection (b-1), as follows:

(b-1) Requires the chief appraiser, if the chief appraiser extends the deadline for a property owner to file a rendition statement or property report to May 15 under Section 22.23(b), to also extend the deadline for the property owner to file an allocation application form to May 15. Requires the chief appraiser, for good cause shown, to further extend the deadline for filing an allocation application form by written order for a period not to exceed 30 days from the deadline prescribed by Subsection (b) (relating to relating to requiring a person claiming an allocation to apply for the allocation each year the person claims the allocation).

SECTION 4. Amends Section 21.10(b), Tax Code, as follows:

(b) Provides that, if the application for an allocation under Section 21.09 (Allocation Application) is approved, the property owner is liable to each taxing unit for a penalty in an amount equal to the lesser of:

(1) creates this subdivision from existing text and makes a nonsubstantive change; or

(2) 10 percent of the amount of tax imposed by the taxing unit on the property with the allocation.

SECTION 5. Makes application of Section 11.43(d-1), Tax Code, as added by this Act, and Section 11.4391(b), Tax Code, as amended by this Act, prospective.

SECTION 6. Makes application of Section 21.09(b-1), Tax Code, as added by this Act, and Section 21.10(b), Tax Code, as amended by this Act, prospective.

SECTION 7. Effective date: September 1, 2025.