

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

March 15, 2025

TO: Honorable Paul Bettencourt, Chair, Senate Committee on Local Government

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB1352 by Hinojosa, Adam (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.), **As Introduced**

No fiscal implication to the State is anticipated.

The bill would require that if the chief appraiser extends the deadline for a property owner to file a rendition statement or property report to May 15, the chief appraiser is required to extend the deadline for the property owner to file an application for a freeport exemption to May 15. For good cause shown, the chief appraiser could further extend the deadline for filing an exemption application by written order for a single period not to exceed 60 days.

The bill would modify the penalty for a late filed application for freeport exemption. The property owner would be liable to each taxing unit allowing the exemption a penalty in an amount equal to the lesser of 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, or 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.

The bill would require that if the chief appraiser extends the deadline for a property owner to file a rendition statement or property report to May 15, the chief appraiser is required to extend the deadline for the property owner to file an allocation application to May 15. For good cause shown, the chief appraiser could further extend the deadline for filing an exemption application by written order for a single period not to exceed 30 days.

The bill would modify the penalty for a late filed allocation application. The property owner would be liable to each taxing unit a penalty in an amount equal to the lesser of 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 or 10 percent of the amount of tax imposed by the taxing unit on the property with the allocation.

Local Government Impact

The bill would direct the chief appraiser to extend the filing deadlines for a freeport exemption or an allocation application if the chief appraiser extends the deadline for filing a rendition statement to May 15. The bill would revise the determination of the applicable late fee associated with a late filed application for a freeport exemption or allocation.

The change in the penalty structure could result in a reduction in penalty fees collected by units of local government.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JMc, SZ, SD, BRI