

BILL ANALYSIS

C.S.S.B. 1413
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Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

In Texas, certain property tax payments and communications pertaining to those taxes are required to be delivered by mail. It has been suggested that the increasing use of technology by taxpayers, coupled with significant recent events such as the COVID-19 pandemic, has demonstrated a pressing need for the state to update its antiquated property tax filing procedures and provide electronic delivery options for taxpayers. C.S.S.B. 1413 seeks to address this issue by requiring tax officials to electronically deliver certain property tax-related communications or payments at the request of a property owner.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the comptroller of public accounts in SECTION 3 of this bill.

ANALYSIS

C.S.S.B. 1413 amends the Tax Code to revise the manner in which communications or payments are delivered electronically under the Property Tax Code by requiring a communication or payment that is required or permitted under that code to be delivered between a tax official, as defined by the bill, and a property owner or a property owner's designee to be delivered electronically if the property owner or designee elects to exchange communications and payments with the tax official electronically. The bill requires a tax official to establish a procedure that allows a property owner or the designee to make that election and requires the procedure to specify the following:

- the manner in which communications and payments will be exchanged between the official and the property owner or person designated by the owner; and
- the method that will be used to confirm the delivery of communications and payments.

The bill establishes that such an election remains in effect until rescinded in writing by the property owner or designee.

C.S.S.B. 1413 authorizes a tax official to charge a reasonable convenience fee to accept a communication or payment delivered electronically to the official through a method other than email. The bill authorizes a tax official to require a property owner or the designee who elects to exchange communications and payments electronically to provide an email address and a financial account number. The bill requires a tax official to prominently display the information necessary for proper electronic delivery of communications and payments to the official on the official's website, if applicable, and on each communication sent by the official to a property owner or designee that requires the property owner or designee to submit a communication or

payment to the official. The bill provides for the conditions under which electronic delivery of a communication or payment is considered effective and timely.

C.S.S.B. 1413 requires the comptroller of public accounts by rule to prescribe acceptable media, formats, content, and methods for the electronic delivery of communications and payments. The bill provides for the following:

- the selection of the medium, format, content, and method to be used to exchange communications and payments electronically;
- the notification of a tax official regarding the change of an email address of a property owner or designee; and
- the authenticity of an electronic signature that is included in any communication or payment delivered electronically.

The bill requires a tax official to accept and immediately confirm the receipt of a communication or payment delivered electronically under the bill's provisions.

C.S.S.B. 1413 repeals the following provisions of the Tax Code:

- Sections 1.085(b), (c), (g), (h), (k), (l), and (m);
- Section 1.086; and
- Section 41.46(e).

EFFECTIVE DATE

January 1, 2023.

COMPARISON OF SENATE ENGROSSED AND SUBSTITUTE

While C.S.S.B. 1413 may differ from the engrossed in minor or nonsubstantive ways, the following summarizes the substantial differences between the engrossed and committee substitute versions of the bill.

The substitute expands the definition of "tax official" in the engrossed to include a person designated by a chief appraiser, an appraisal district, an appraisal review board, an assessor, a collector, or a taxing unit to perform a function on behalf of that official.

The substitute does not include a requirement present in the engrossed for the procedure used to make the election to receive communications and payments electronically to specify the method that will be used to protect the security of communications and payments.

The engrossed established that the electronic delivery of any communication or payment by a tax official to a property owner or a designee is effective on receipt by the property owner or designee, whereas the substitute establishes that the delivery is effective on delivery by the tax official of the communication or payment.

The engrossed revised provisions relating to the required notice regarding the availability of certain forms authorizing electronic communications under the Property Tax Code and to the timely confirmation of receipt of certain notices delivered electronically under that code. The substitute does not include the revision of those provisions but instead repeals them entirely.

The substitute does not include an exemption present in the engrossed for a tax official from compliance with the bill's provisions under certain conditions.

Whereas the engrossed applied beginning with the 2022 tax year, the substitute applies only to a tax year that begins on or after the bill's effective date.

The substitute changes the bill's effective date from September 1, 2021, to January 1, 2023.