

SUBJECT: Property tax collection administrative revisions

COMMITTEE: Ways and Means — favorable, with amendment

VOTE: 8 ayes — Craddick, Wolens, Finnell, Heflin, Holzheuser, Horn, Oliveira, Place
0 nays
3 absent — T. Hunter, Marchant, Romo

SENATE VOTE: On final passage, April 11 — 31-0

WITNESSES: None

DIGEST: SB 642, as amended, would make various changes in the Tax Code and Government Code regarding the collection of property taxes and suits over property taxes. In addition, the bill would amend the Education Code to let the comptroller decide whether to comply with the education commissioner's or a school district's request to audit a school district.

The bill would specify that the secretary of state, rather than the comptroller, would act as an agent for the service of process for nonresident defendants who owned, had or claimed a taxable interest in Texas property. A \$40 fee would accompany the service of process to be used by the secretary of state to maintain records of service of process.

The comptroller's deadline for certifying changes in school districts' effective tax rates to the Teacher Retirement System would be changed from the June 7 of each year to not later than the seventh day after the final date the comptroller certifies to the education commissioner changes to school district property values.

References to the "Federal Land Bank of Houston" in Tax Code sections on capitalization rates would be changed to "Federal Land Bank of Texas or its successor."

The bill would reduce from 10 years to five years the time in which a chief appraiser could correct an appraisal on land that was erroneously granted a special appraisal (i.e. an appraisal for below market value) for timber, recreational, park and public access airport property as well as for land that was erroneously assessed because of the failure of the land's owner to give notice that the land's eligibility for a special appraisal had ended.

Sections of the Tax Code regarding penalties and interest would be consolidated. A deadline for request for a waiver of penalties would be changed from six months to 181 days after the delinquency date.

The bill would take effect January 1, 1996.

**SUPPORTERS
SAY:**

SB 642 would implement several revisions recommended by the Comptroller's Office regarding property tax administration. The secretary of state has agreed to take the duty of receiving service of process for suits growing out of property taxation in which the defendant is a nonresident from the comptroller. This duty is comparable to others handled by the secretary of state and is more appropriate to that office.

SB 642 would give the comptroller statutory authority to decline to audit a school district in order to encourage the school district to pursue other administrative remedies, such as appealing a prior audit, and to give the comptroller more flexibility over audit activities.

The bill would change the date the comptroller is required to certify school district effective tax rates to the Teachers' Retirement System in order to give the comptroller more time to determine district property values.

The references to "Federal Land Bank of Houston" would be changed to the "Federal Land Bank of Texas" to reflect the bank's name change.

SB 642 would consolidate the two sections of the Tax Code allowing waiver of penalties and interest to ensure ease of reference.

**OPPONENTS
SAY:**

No apparent opposition.

NOTES: The committee amendment would change references to "taxpayer" to "property owner."