

BILL ANALYSIS

Senate Research Center
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S.B. 1062
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Finance
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, Texas ranks among the highest states in the percentage of income paid in property taxes. Property taxes in Texas have increased from a total levy of less than \$9 billion in 1985 to more than \$30 billion in 2004, a percentage increase of 233 percent in less than 20 years. It is important to create greater predictability and less volatility in taxpayers' ad valorem tax bills.

As proposed, S.B. 1062 authorizes an alternative method for calculating the tax on real property, other than taxes imposed by a school district. The alternative method is based on the five-year average taxable value in each year, rather than the taxable value for that year. The bill requires a property owner who chooses the alternative method to file a request. The bill also requires the chief appraiser to deliver a statement to the property owner with information regarding the taxable value of the person's property, including the average taxable value of the property over the five-year period ending with the current tax year, and requires the request to be filed by a property owner who chooses to use the alternative method.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the comptroller of public accounts in SECTION 3 (Section 26.095, Tax Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 25.19, Tax Code, by adding Subsection (b-2), as follows:

(b-2) Requires the chief appraiser (appraiser), in addition to the information required by Subsections (b), (b-1) and (f), to include in a notice required to be delivered under Subsection (a) or (g) for real property, the taxable value of the property in each of the four years preceding the current tax year; the average taxable value of the property over the five-year period ending with the current tax year; and a statement that the property owner may elect to require taxes, other than taxes imposed by a school district, for the current tax year and the next nine tax years to be imposed on the property on the basis of the five-year average taxable value in each year instead of on the basis of the taxable value for that year by filing a request with the assessor for each taxing unit that taxes the property, and an explanation of the deadline for filing the request.

SECTION 2. Amends Section 26.09(c), Tax Code, to provide Section 26.095 as an exception to this subsection.

SECTION 3. Amends Chapter 26, Tax Code, by adding Section 26.095, as follows:

Sec. 26.095. ALTERNATIVE METHOD FOR CALCULATION OF TAX ON REAL PROPERTY. (a) Authorizes a property owner to require that taxes, other than taxes imposed by a school district, imposed on that property for the current tax year and each of the subsequent nine tax years be calculated on the basis of the average taxable value of the property over the five-year period ending with the tax year for which the taxes are imposed.

(b) Requires the property owner to file a request with the assessor for the taxing unit to require that taxes imposed by a taxing unit be calculated under this section. Requires the request to include a statement by the property owner requesting that,

for the current tax year and each of the subsequent nine tax years, the taxes imposed by the taxing unit on the property described in the request be calculated under the method describe by Subsection (a), subject to Subsections (d)-(g). Requires the comptroller of public accounts by rule to prescribe the form of the request.

(c) Requires that the completed request be filed not later than the later of June 15 or, if the notice is required to be delivered to the property owner, the 21st day after the date the owner receives notice of the appraised value of the real property for the current tax year. Requires the taxes of that taxing unit for the current tax year on the real property described in the request to be calculated under the method described by Subsection (a) if a property owner timely files a completed request with the assessor for a taxing unit. Provides that if a property owner fails to timely file a completed request, the taxes of a taxing unit may not be calculated under the method described by Subsection (a) unless in a prior tax year the property owner requested the taxes imposed by the taxing unit on the property to be calculated under that method in the current tax years as one of the subsequent nine years covered by the request made in the prior tax year.

(d) Authorizes the owner of real property who has previously requested that taxes imposed by a taxing unit on the property be calculated under the method described by Subsection (a) to revoke the owner's request for taxation of that property under that method in the current tax year. Requires the revocation to be made in writing and to be filed with the assessor for the taxing unit not later than the later of June 15 or, if the notice is required to be delivered to the property owner, the 21st day after the date the property owner receives notice of the appraised value of the property for the current tax year.

(e) Prohibits the taxes of that taxing unit for the current tax year on the owner's real property to be calculated under the method described by Subsection (a), if a property owner timely revokes the owner's request that taxes imposed by a taxing unit be calculated under this section. Requires that an additional tax be imposed on the real property equal to the positive difference, if any between the taxes imposed on the property for each of the 10 preceding tax years, if any, in which taxes imposed by the taxing unit on the property were calculated under the method described by Subsection (a) and the taxes that would have been imposed had those taxes on the property in each of those tax years not been calculated under that method. Requires the assessor for the taxing unit, as soon as practicable, to prepare and deliver a bill to the property owner for the additional taxes plus interest at an annual rate of seven percent calculate from the dates on which the differences in taxes would have become due.

(f) Provides that the additional tax and interest are due and becomes delinquent if not paid before the next February 1 that is at least 20 days after the date the bill is delivered to the property owner. Provides that a lien attaches to the real property to secure payment of the additional tax and interest imposed by Subsection (e), and the lien exists in favor of each taxing unit for which the additional tax is imposed.

(g) Requires taxes on the property to continue to be calculated under that method for each of the tax years covered by the request of the prior owner unless the new owner of the property requests that the taxes on the property not be calculated under Subsection (a), if property on which taxes are calculated under the method provided by Subsection (a) ceases to be owned by the property owner who filed the request under Subsection (b) or by a subsequent owner. Requires a request under this subsection to be filed in the time and manner required for a revocation under Subsection (d). Prohibits the taxes for the current tax year on the property from being calculated under the method described by Subsection (a), and provides that the property is subject to the additional tax and lien provided by Subsections (e) and (f), if the new owner timely files a request under this subsection.

(h) Provides that this subsection expires January 1, 2010. Requires that, notwithstanding the reference in Subsection (a) to a five-year period, for the 2008 tax year, the taxes calculated under the method provided by Subsection (a) be calculated on the basis of the average taxable value of the property over the three-year period ending with the tax year for which the taxes are imposed; and for the 2009 tax year, the taxes calculated under the method provided by Subsection (a) to be calculated on the basis of the average taxable value of the property over the four-year period ending with the tax year for which the taxes are imposed.

SECTION 4. Amends Section 31.01, Tax Code, by adding Subsection (c-2), as follows:

(c-2) Requires the assessor, in addition to the information required by Subsection (c) and (c-1), to include in the tax bill or separate statement for real property the taxable value of the property in each of the four years before the current tax year and the average taxable value of the property over the five-year period ending with the current tax year.

SECTION 5. Provides that this Act applies only to ad valorem taxes imposed for a tax year beginning on or after the effective date of this Act.

SECTION 6. Effective date: January 1, 2008, contingent upon approval by the voters of the constitutional amendment authorizing the legislature to permit the owner of real property to require that ad valorem taxes, other than taxes imposed for public school purposes, be imposed on the real property on the basis of a five-year average of the property's taxable value. Severability clause.