

BILL ANALYSIS

Senate Research Center
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S.B. 1413
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Local Government
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Current law requires certain property tax payments and communications pertaining to those taxes to be delivered by mail. 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.

S.B. 1413 amends current law to require tax officials to deliver certain property tax-related communications or payments to the property owner or their designee when possible. Officials can charge a convenience fee for the use of the electronic system by property owners. S.B. 1413 requires a tax official to notify the property owner or their designee of this new requirement, and that they may opt out and or agree to an alternative form of communication. S.B. 1413 will also require the Comptroller of Public Accounts of the State of Texas to adopt rules for acceptable forms of electronic payments and communications.

As proposed, S.B. 1413 amends current law relating to the electronic delivery of certain communications and payments required or permitted under the Property Tax Code, and authorizes a fee.

RULEMAKING AUTHORITY

Rulemaking authority previously granted to the Comptroller of Public Accounts of the State of Texas is modified in SECTION 4 (Section 1.085, Tax Code) of this bill.

Rulemaking authority is expressly granted to the Comptroller of Public Accounts of the State of Texas in SECTION 5 (Section 1.087, Tax Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 1.07(a), Tax Code, as follows:

(a) Authorizes an official or agency required by Title 1 (Property Tax Code) to deliver a notice to a property owner to deliver the notice by regular first-class mail, with postage prepaid, unless Section 1.07 (Delivery of Notice) or another provision of this title requires or authorizes a different method of delivery or the parties agree that the notice is required to be delivered as provided by an agreement entered into under Section 1.085, rather than by Section 1.085 or 1.086 (Delivery of Certain Notices by E-Mail).

SECTION 2. Amends Chapter 1, Tax Code, by adding Section 1.075, as follows:

Sec. 1.075. REFERENCES TO METHODS OF DELIVERY IN LAW (a) Defines "communication."

(b) Provides that, subject to Section 1.085, a requirement under this title to deliver a communication or payment by registered mail, certified mail, certified mail with return receipt requested, regular first-class mail, or regular mail is satisfied if the sender delivers the communication or payment electronically.

(c) Provides that this section does not apply to a communication that relates to a court proceeding, and for which another law or the Texas Rules of Civil Procedure prescribe a different method of delivery.

SECTION 3. Amends the heading to Section 1.085, Tax Code, to read as follows:

Sec. 1.085. COMMUNICATION AND PAYMENT USING ELECTRONIC DELIVERY.

SECTION 4. Amends Section 1.085, Tax Code, by amending Subsections (a), (b), (c), (d), (e), (f), (i), (j), and (l) and adding Subsections (a-1), (a-2), and (a-3), as follows:

(a) Defines "communication" and "tax official."

(a-1) Creates this subsection from existing text. Requires that a communication or payment that is required or permitted by this title to be delivered by a tax official to a property owner or a person designated by a property owner under Section 1.111(f) (relating to the authorization of a property owner to direct certain entities within an appraisal district to deliver certain communications relating to the owner's property to a specified person) be delivered electronically, notwithstanding any other provision in this title and except as provided by this section.

Deletes existing text authorizing any notice, rendition, application form, or completed application, or information requested under Section 41.461(a)(2) (relating to the requirement that the chief appraiser inform the property owner of certain information that will be introduced at the protest hearing), that is required or permitted by this title to be delivered between a chief appraiser, an appraisal district, an appraisal review board, or any combination of those persons and a property owner or a person designated by a property owner under Section 1.111(f) to be delivered in an electronic format if the chief appraiser and the property owner or person designated by the owner agree under this section, notwithstanding any other provision in this title and except as provided by this section.

(a-2) Requires a tax official to provide notice to a property owner or a person designated by a property owner under Section 1.111(f), either electronically or by mail, of the requirement imposed under Subsection (a-1) of this section. Requires that the notice inform the property owner or person designated by the property owner that the property owner or person is authorized to:

(1) opt out of electronic delivery of communications or payments by informing the tax official in writing that the property owner or person wants to receive communications or payments by mail; or

(2) enter into an agreement with the tax official under Subsection (b) of this section specifying the method of delivery of communications or payments by the tax official to the property owner or person.

(a-3) Requires a tax official to deliver communications or payments to a property owner or a person designated by a property owner under Section 1.111(f):

(1) by mail if the tax official does not have the electronic mail address, financial account number, or other information needed to send the communication or payment electronically, or if the property owner or person requests delivery by mail under Subsection (a-2)(1) of this section; or

(2) if applicable, by the method specified in an agreement under Subsection (b) of this section.

(b) Authorizes a property owner, rather than an agreement between a chief appraiser and a property owner, or the person designated by the owner under Section 1.111(f), to enter

into an agreement with a tax official that specifies the method of delivery of communications or payments by the tax official. Requires the tax official, if a property owner or the person designated by the owner requests an agreement under this subsection, to enter into the agreement. Requires that the agreement:

(1) makes no changes to this subdivision;

(2) be signed by the tax official, rather than by the chief appraiser;

(3) makes a conforming change to this subdivision; and

(4) specify:

(A) the manner in which a communication or payment will be delivered, rather than the medium of communication;

(B) the type of communication or payment covered, rather than the type of communication covered;

(C) and (D) makes conforming changes to these paragraphs; and

(E) the electronic mail address and, if applicable, financial account number, rather than only the electronic mail address, of the property owner or person designated by the property owner, as applicable.

(c) Authorizes an agreement under Subsection (b) to address other matters.

(d) Provides that, unless otherwise provided by an agreement under Subsection (b), the electronic delivery of a communication or payment is effective on receipt by a tax official or a property owner or, if applicable, a person designated by the property owner under Section 1.111(f). Deletes existing text providing that, unless otherwise provided by an agreement, the delivery of any information in an electronic format is effective on receipt by a chief appraiser, an appraisal district, an appraisal review board, a property owner, or a person designated by a property owner.

(e) Requires the Comptroller of Public Accounts of the State of Texas (comptroller) by rule to prescribe acceptable media, formats, content, and methods for the electronic delivery or submission of communications and payments. Deletes existing text providing that the comptroller by rule is required to prescribe acceptable media, formats, content, and methods for the electronic transmission of notices required by Section 25.19 (Notice of Appraised Value), and is authorized to prescribe acceptable media, formats, content, and methods for the electronic transmission of other notices, renditions, and applications. Makes nonsubstantive changes.

(f) Authorizes a tax official, rather than a chief appraiser, in an agreement entered into under Subsection (b), rather than this section, to select the medium, format, content, and method to be used by the tax official, rather than the appraisal district, from among those prescribed by the comptroller under Subsection (e). Deletes existing text authorizing the chief appraiser, if the comptroller has not prescribed the media, format, content, and method applicable to the communication, to determine the medium, format, content, and method to be used.

(i) Requires a property owner or a person designated by the property owner under Section 1.111(f) who enters into an agreement under Subsection (b) of this section that has not been rescinded to notify the tax official, rather than the appraisal district, of a change in the electronic mail address or, if applicable, the financial account number specified in the agreement before the first April 1 that occurs following the change. Provides that if notification is not received by the tax official, rather than the appraisal district, before that date, until notification is received, any communications or payments, rather than notices,

delivered under the agreement to the property owner or person designated by the owner are considered to be timely delivered.

(j) Requires that an electronic signature that is included in any communication or payment, rather than any notice, rendition, application form, or completed application, subject to an agreement under this section and that is required by certain chapters be considered to be a digital signature for purposes of Section 2054.060 (Digital Signature), Government Code, and that section applies to the electronic signature.

(l) Requires a tax official to electronically deliver a communication or payment in a manner that allows for confirmation of receipt by the property owner or the person designated by the owner under Section 1.111(f), such as electronic mail. Requires the tax official, if confirmation of receipt of a communication is not received by the 30th day following the date the communication is electronically delivered, to deliver the communication to the property owner or the person designated by the owner in the manner provided by Section 1.07. Requires the tax official, if confirmation of receipt of a payment is not received by the 30th day following the date the payment is electronically delivered, the tax official to notify the property owner or the person designated by the owner, electronically or by mail, of the tax official's attempt to deliver the payment electronically.

Deletes existing text requiring the chief appraiser, appraisal district, or appraisal review board, unless the chief appraiser and the property owner or person designated by the owner agree otherwise under Subsection (b), to deliver a notice electronically in a manner that allows for confirmation of receipt by the property owner or the person designated by the owner such as electronic mail. Deletes existing text requiring the chief appraiser, appraisal district, or appraisal review board, as applicable, if confirmation of receipt is not received by the 30th day following the date the electronic notice is delivered, to deliver the notice to the property owner or the person designated by the owner in the manner provided by Section 1.07.

SECTION 5. Amends Chapter 1, Tax Code, by adding Section 1.087, as follows:

Sec. 1.087. CENTRALIZED SYSTEM FOR ELECTRONIC DELIVERY OF COMMUNICATIONS AND PAYMENTS. (a) Defines "communication" and "tax official."

(b) Authorizes the comptroller by rule to develop and maintain a centralized system for administering the electronic delivery of communications and payments between a tax official and a property owner or a person designated by the property owner under Section 1.111(f).

(c) Authorizes the comptroller to charge a reasonable convenience fee for use of the system.

SECTION 6. Amends Section 25.192(d), Tax Code, to delete existing text requiring that the notice required by Section 25.192 (Notice of Residence Homestead Exemption Eligibility), if a property owner has elected to receive notices by e-mail as provided by Section 1.086, be sent in that manner separately from any other notice sent to the property owner by the chief appraiser.

SECTION 7. Amends Section 25.193(b), Tax Code, to make conforming changes.

SECTION 8. Amends Section 41.461(c), Tax Code, to require a chief appraiser to deliver information requested by a property owner or the agent of the owner under Subsection (a)(2) (relating to requiring the chief appraiser, at least 14 days before a hearing on a taxpayer protest, to inform the property owner that the owner or the agent of the owner is entitled on request to a copy of certain information that will be introduced at the hearing) in certain manners, including in the manner required under Section 1.085, rather than in an electronic format as provided by an agreement under Section 1.085.

SECTION 9. Repealer: Section 1.085(g) (relating to the requirement of a chief appraiser to enter into an agreement with certain property owners and to deliver notice in certain electronic formats), Tax Code.

Repealer: Section 1.085(h) (relating to the requirements of a notice regarding the availability of agreement forms authorizing electronic communication provided by the chief appraiser), Tax Code.

Repealer: Section 1.085(k) (relating to the provision that a decision by a chief appraiser not to enter into an agreement with a property owner is prohibited from being reviewed or contested by certain entities), Tax Code.

Repealer: Section 1.085(m) (relating to the provision that a property owner need not enter into an agreement with a chief appraiser to be entitled to an electronic deliver of a notice of a protest hearing), Tax Code.

Repealer: Section 1.086 (Delivery of Certain Notices by E-Mail), Tax Code.

Repealer: Section 41.46(e) (relating to the requirement that the appraisal review board deliver notice of the protest hearing by electronic mail to the property owner upon request), Tax Code.

SECTION 10. Provides that the changes in law made by this Act apply beginning with the 2022 tax year.

SECTION 11. Effective date: September 1, 2021.