

BILL ANALYSIS

Senate Research Center
87R19685 SMT-D

C.S.S.B. 1413
By: Paxton
Local Government
4/14/2021
Committee Report (Substituted)

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.

(Original Author's / Sponsor's Statement of Intent)

C.S.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 3 (Section 1.085, Tax Code) of this bill.

SECTION BY SECTION ANALYSIS

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

- (a) Deletes existing text prohibiting an official or agency required by Title 1 (Property Tax Code) to deliver a notice to a property owner from delivering the notice by regular first-class mail, with postage prepaid, if the parties agree that the notice is required to be delivered as provided by an agreement entered into under Section 1.085 or 1.086 (Delivery of Certain Notices by E-Mail).

SECTION 2. Amends the heading to Section 1.085, Tax Code, to read as follows:

Sec. 1.085. ELECTRONIC DELIVERY OF COMMUNICATION OR PAYMENT.

SECTION 3. Amends Section 1.085, Tax Code, by amending Subsections (a), (d), (e), (f), (h), (i), (j), and (l) and adding Subsections (a-1), (a-2), (a-3), (a-4), (a-5), (a-6), (d-1), and (n), 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 between a tax official and a property owner or a person designated by a property owner under Section 1.111(f)

(relating to authorizing 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), notwithstanding any other provision in this title, be delivered electronically if the property owner or person designated by the owner elects to exchange communications and payments with the tax official electronically under Subsection (a-2) of 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 establish a procedure that allows a property owner or a person designated by a property owner under Section 1.111(f) to make the election described by Subsection (a-1) of this section. Requires that the procedure specify:

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

(a-3) Provides that an election under Subsection (a-2) of this section by a property owner or a person designated by a property owner under Section 1.111(f) remains in effect until rescinded in writing by the property owner or person designated by the owner.

(a-4) Authorizes a tax official to charge a reasonable convenience fee to accept a communication or payment delivered electronically to the official, except for a communication delivered by e-mail.

(a-5) Authorizes a tax official to require a property owner or a person designated by a property owner under Section 1.111(f) who elects to exchange communications and payments electronically to provide an e-mail address and a financial account number.

(a-6) 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 Internet website, if applicable, and on each communication sent by the official to a property owner or a person designated by a property owner under Section 1.111(f) that requires the property owner or person designated by the owner to submit a communication or payment to the official.

(d) Provides that the electronic delivery of any communication or payment by a tax official to a property owner or a person designated by a property owner under Section 1.111(f) is effective on receipt by the property owner or person designated by the owner.

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. Deletes existing text providing that an agreement entered into under this section remains in effect until rescinded in writing by the property owner or person designated by the owner.

(d-1) Provides that the electronic delivery of a communication or payment by a property owner or a person designated by a property owner under Section 1.111(f) to a tax official

is timely if the communication or payment is addressed to the correct delivery portal or electronic delivery system and is sent or uploaded on or before the date on which the communication or payment is due.

(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 of communications and payments under this section. 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 this section, to select the medium, format, content, and method to be used by the tax official and a property owner or a person designated by a property owner under Section 1.111(f) to exchange communications or payments electronically, rather than used by 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.

(h) Requires a tax official to provide notice regarding the availability of electronic delivery of communications and payments under this section. Requires the tax official to provide the notice by:

(1) publishing a notice in a newspaper having general circulation in the appraisal district or taxing unit, as applicable, at least once on or before February 1 of each year that includes the words "Notice of Availability of Electronic Delivery of Communications and Payments"; or

(2) delivering notice of the availability of electronic delivery of communications and payments on or before February 1, or as soon as practicable after that date, to each owner of property shown on the certified appraisal roll of the appraisal district or taxing unit, as applicable, for the preceding tax year and on or before February 1 of each subsequent year, or as soon as practicable after that date, to each new owner of property shown on the certified appraisal roll of the appraisal district or taxing unit, as applicable, for the preceding tax year.

Deletes existing text providing that this subsection applies to the chief appraiser of an appraisal district only if the appraisal district is located in a county described by Subsection (g) or the chief appraiser has decided to authorize electronic communication under this section and the appraisal district has implemented a system that allows such communication. Deletes existing text requiring the chief appraiser to provide notice regarding the availability of agreement forms authorizing electronic communication under this section. Deletes existing text requiring the chief appraiser to provide the notice in certain manners.

(i) Requires a property owner or a person designated by the property owner under Section 1.111(f) who elects to exchange communications and payments electronically with a tax official under this section and who has not rescinded the election to notify the tax official of a change in the e-mail address provided by the property owner or person designated by the owner before the first April 1 that occurs following the change. Provides that if notification is not received by the tax official before that date, until notification is received, any communications or payments delivered electronically to the property owner or person designated by the owner are considered to be timely delivered.

Deletes existing text requiring a property owner or a person designated by the property owner who enters into an agreement under this section that has not been rescinded to notify the appraisal district of a change in the electronic mail address specified in the

agreement before the first April 1 that occurs following the change. Deletes existing text providing that if notification is not received by the appraisal district before that date, until notification is received, any notices delivered under the agreement to the property owner or person designated by the owner are considered to be timely delivered.

(j) Provides that an electronic signature that is included in any communication or payment delivered electronically under this section is considered to be a digital signature for purposes of Section 2054.060 (Digital Signature), Government Code, and that section applies to the electronic signature.

Deletes existing text requiring that an electronic signature that is included in 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, 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 e-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, 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.

(n) Requires a tax official to accept and immediately confirm the receipt of a communication or payment delivered electronically to the official by a property owner or a person designated by the property owner under Section 1.111(f).

SECTION 4. 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 5. Amends Section 25.193(b), Tax Code, to make conforming changes.

SECTION 6. Amends Section 41.461(c), Tax Code, as follows:

(c) Requires 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 electronically, if the property owner or agent of the owner has elected to receive electronic communications from the chief appraiser under Section 1.085, rather than in an electronic format as provided by an agreement under Section 1.085.

SECTION 7. Repealer: Section 1.085(b) (relating to requiring certain information to be contained in an agreement between a chief appraiser and a property owner), Tax Code.

Repealer: Section 1.085(c) (relating to the provision that an agreement between a chief appraiser and a property owner may address other matters), Tax Code.

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(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 delivery 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 8. Provides that the changes in law made by this Act apply beginning with the 2022 tax year.

SECTION 9. Effective date: September 1, 2021.