BILL ANALYSIS

Senate Research Center H.B. 1769
76R6854 CLG-F By: Jones, Charles
Economic Development
5/14/1999
Engrossed

DIGEST

The Business & Commerce Code prohibits a person from conducting a going out of business sale unless the person files an original inventory with the county clerk of the county in which the person's principal place of business in the state is located. After receiving an original inventory, the county clerk is required to issue to the applicant a permit for a going out of business sale. The permit is valid for 120 days after it is issued and is not renewable. Before the end of each 30-day period during the going out of business sale the permit holder is required to file with the county clerk a sale inventory containing a complete and detailed list of the goods, wares, and merchandise listed in the original inventory that have not been sold before the date that the sale inventory is filed. The permit holder is then required to file with the county clerk a final inventory within 30 days after the going out of business sale ends. During this entire process, the chief appraiser of the appraisal district is never notified of the sale. A chief appraiser is likely to learn that a business no longer exists only after it has been liquidated. By then, the tax rolls for the next year may have been created, which could result in erroneous tax assessments. Without prior knowledge of a going out of business sale, a chief appraiser cannot make appropriate adjustment to the tax rolls. H.B. 1769 specifies that a person who wishes to conduct a going out of business sale must file an original inventory with the chief appraiser of the appraisal district, rather than with the county clerk of the county, in which the person's principal place of business in the state is located. Under this bill, the chief appraiser is required, within five business days after a person files an original inventory, to send notice of the filing to the comptroller of public accounts and the taxing units that tax the property described in the original inventory.

PURPOSE

As proposed, H.B. 1769 establishes provisions regarding a going out of business sale.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 17.83(a), Business & Commerce Code, to specify that a person who wishes to conduct a going out of business sale must file an original inventory with the chief appraiser of the appraisal district, rather than with the county clerk of the county, in which the person’s principal place of business in the state is located.

SECTION 2. Amends Chapter 17F, Business & Commerce Code, by adding Section 17.835, as follows:

> Sec. 17.835. NOTICE OF FILING OF ORIGINAL INVENTORY. Requires the chief appraiser, within five business days after a person files an original inventory under Section 17.83 (Original Inventory), to send notice of the filing to the comptroller of public accounts and the taxing units that tax the property described in the original inventory.

SECTION 3. Amends Section 17.84(a), Business & Commerce Code, to make a conforming change.

SECTION 4. Amends Section 17.86, Business & Commerce Code, to make a conforming change.

SECTION 5. Amends Section 17.87, Business & Commerce Code, to make a conforming change.

SECTION 6. Effective date: September 1, 1999.

Makes application of this Act prospective.

SECTION 7. Emergency clause