

## **BILL ANALYSIS**

Senate Research Center  
87R3942 RDS-F

S.B. 1088  
By: Creighton  
Local Government  
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As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Requiring real property owners to provide a copy of the appraised value notice is beneficial for lessees who may want to appeal the value, especially given the material cost at issue for such assessments. The requirement is a relatively minor burden on property owners as these leases typically involve a single lessee per parcel.

For the personal property leasing industry, however, one notice typically contains assets leased by multiple non-related taxpayers. In fact, it is possible to have up to several thousand separate lessees on a single notice. This is often the case when leasing assets such as vehicles, computer hardware, fitness equipment, and propane tanks. To comply with the notice requirement, property owners must provide every lessee (often hundreds or thousands) a copy of the notice that is specific to that lessee's asset(s)—it may not include any other assets or leases.

However, the notices themselves do not contain the information necessary for personal property lessees to make an appeal decision. The work papers for each asset are needed first, though property owners typically cannot obtain those for a month or two after the notice is received. Property owners then must reconcile the work papers back to the notice (on a per asset basis) and again distribute to all lessees—redacting each accordingly.

While requiring owners of real property to distribute a notice of assessment (which includes actionable information) to a single lessee makes sense, requiring owners of personal property to distribute a notice (which does not provide actionable information) to hundreds or thousands of lessees—who are also less likely to appeal—is not productive and is incredibly burdensome.

#### Proposal:

Amend Tax Code § 41.413 to exclude personal property lessors from the obligation to provide notices of appraised value to individual lessees and make the requirement applicable only to lessors of real property. This change does not impact the right of a personal property lessee to appeal the assessed value of the property if the owner chooses not to appeal.

#### Background:

Tax Code § 41.413 allows a person who leases property, and who is contractually obligated to reimburse the property owner for property taxes imposed on such property, the ability to appeal the assessed value if the owner chooses not to appeal. To that end, property owners are generally required to provide lessees a copy of the notice of appraised value within 10 days of receiving the notice. For multiple reasons, however, personal property lessors, as well as several jurisdictions, believe this notice requirement was geared toward the leasing of real property as opposed to personal property.

As proposed, S.B. 1088 amends current law relating to the applicability of provisions entitling certain lessees to receive a copy of a notice of appraised value delivered to a property owner by the chief appraiser of an appraisal district.

### **RULEMAKING AUTHORITY**

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

## **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Sections 41.413(d) and (e), Tax Code, as follows:

(d) Requires an owner of real property, rather than a property owner, to send to a person leasing property under a contract described by Subsection (b) (relating to entitling a certain person leasing real property to protest before the appraisal review board a certain determination), rather than Section 41.413 (Protest by Person Leasing Property) a copy of any notice of appraised value of the property received by the property owner.

(e) Authorizes a person leasing real property, rather than property, under a contract described by Subsection (b), rather than by Section 41.413, to request that the chief appraiser of the appraisal district in which the property is located send the notice described by Subsection (d) to the person.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: September 1, 2021.