



TAPTP

Texas Association
of Property Tax
Professionals

The mission of the Texas Association of Property Tax Professionals is to protect the rights of property taxpayers by advancing the professional practice of property tax consulting through education and high ethical standards.

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Business Loophole on Personal Property Costs Texas Taxpayers

Austin American-Statesman, Sunday, May 19, 2002

Homeowners who refuse to pay property taxes could find themselves homeless. Texas law allows that home to be seized and sold on the courthouse steps to satisfy delinquent taxes.

But businesses that are paying too little — or no — taxes on their taxable personal property are getting away with it. Though Texas law requires businesses to declare their taxable personal property — things such as inventory, equipment and machinery — many businesses don't render.

Year after year, businesses hide billions of dollars in taxable personal property by failing to provide tax appraisers lists of the property. In some cases, they don't file. In other cases, they turn over inaccurate lists. This essentially keeps valuable property off tax rolls and beyond the reach of local school districts, city and county governments and other taxing entities.

How big is the problem? As big as \$36 billion. That is what Texas appraisers have set as the value of personal properties that businesses are shielding from tax rolls statewide. That amounts to tens of millions of dollars in taxes not being collected annually. In Travis County, businesses are hiding at least \$3 billion in taxable property, said Art Cory, chief appraiser for the Travis Central Appraisal District.

Williamson County has a similar problem, said Bill Carroll, chief appraiser. He estimates that 30 percent to 40 percent of businesses in his county aren't rendering. That equates to about \$1.5 billion in taxable personal property left off tax rolls.

To be sure, many companies are rendering and paying their fair share of taxes. But it's easy to see why some risk violating state law: There is no penalty for not rendering.

Until now, the Legislature has allowed the practice, despite pleas from appraisers to put teeth in the law. But a pending budget crisis and rising disenchantment over Texas' school-finance system has forced lawmakers to scrutinize the way it pays for services, especially the state's \$24 billion-a-year public education system.

It's time for the Legislature to close this loophole.

Lawmakers should do that by creating penalties for businesses that don't render. Without penalties, the tax essentially is voluntary. We urge the Joint Select Committee on Public School Finance, charged with making recommendations to the Legislature, to propose penalties for businesses that fail to render. Strengthening the law will increase revenues for schools.

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