

By: Villarreal

H.B. No. 2996

A BILL TO BE ENTITLED

AN ACT

relating to disclosure and use of sales price information for ad  
valorem tax purposes.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. The heading to Subchapter C, Chapter 22, Tax  
Code, is amended to read as follows:

SUBCHAPTER C. ~~[OTHER]~~ REPORTS OF POLITICAL SUBDIVISION ACTIONS

SECTION 2. Chapter 22, Tax Code, is amended by adding  
Subchapter D to read as follows:

SUBCHAPTER D. REPORT OF SALES PRICE

Sec. 22.61. SALES PRICE DISCLOSURE REPORT. (a) The  
commissioners court of a county may call an election in the county  
to permit the voters of the county to determine whether a person  
must disclose the sales price of the property in the manner provided  
by this subsection. The election shall be held on the date of the  
next general election for state and county officers. If a majority  
of the votes cast at the election favor the establishment of  
mandatory sales price disclosure, the requirement applies  
beginning with the tax year following the year in which the election  
is held. (b) Except as provided by Subsection (c), not later than  
the 10th day after the date the deed is recorded in the county real  
property records, the purchaser of real property under a recorded  
deed conveying an interest in the real property shall file a sales  
price disclosure report with the chief appraiser of the appraisal

1 district established for the county in which the property is  
2 located.

3 (c) This section does not apply to a sale or other transfer  
4 of real property if:

5 (1) the sale is made pursuant to a court order;

6 (2) the sale is made to or from a trustee in  
7 bankruptcy;

8 (3) the sale is made pursuant to a power of sale under  
9 a deed of trust or other encumbrance secured by the property;

10 (4) the sale is made by a deed in lieu of foreclosure;

11 (5) the sale is made by one co-owner to one or more  
12 other co-owners;

13 (6) the sale is made to a spouse or to a person or  
14 persons in the first degree of lineal consanguinity of one or more of  
15 the sellers or grantors;

16 (7) the sale is made to or from a governmental entity;

17 (8) the sale is made pursuant to the power of eminent  
18 domain; or

19 (9) the sale is made to a utility company and the real  
20 property is an easement, license, or right-of-way;

21 (10) it represents a transfer of title pursuant to a  
22 merger or combination of corporation, partnerships, limited  
23 liability companies or other entities under common control;

24 (11) it represents a transfer among entities under  
25 common control (i) as a contribution to, or a dividend or  
26 distribution of, capital for no consideration or nominal  
27 consideration, or (ii) in sole consideration for canceling or

1 surrendering an interest in a corporation, partnership, limited  
2 liability company or other entity;

3 (12) the real property is a severed mineral interest;  
4 or

5 (13) the real property is a timeshare interest in real  
6 property.

7 (d) A sales price disclosure report must be signed by the  
8 purchaser of the real property described in the report.

9 Sec. 22.62. REPORT FORM. (a) the purchaser shall disclose  
10 the sales price of the property and their name and mailing address;  
11 (b) the purchaser may also disclose:

12 (1) the method used to finance the sales price, such  
13 as: cash sale, cash and third-party financing, cash and seller  
14 financing, or other;

15 (2) whether the sale involved property other than real  
16 property and the type of property, whether tangible or intangible,  
17 involved in the sale, if so, the portion of the sales price  
18 allocated between real property, business personal property and  
19 intangibles;

20 (3) whether the sale involved property located in more  
21 than one county and, if so, the portion of the sales price or other  
22 consideration allocated to the portion of the property located in  
23 each county;

24 (4) whether the sale was part of a combined sale of  
25 real property investments, if so, the portion of the combined sales  
26 price allocated to the property subject to Subsection (a);

27 (5) whether the sale involved a 1031 tax exchange,

1 under the United States Internal Revenue Code;

2 (6) whether the sale is the sale of an entire business  
3 or business unit; and

4 (7) a description of any unusual or extraordinary  
5 terms of the sale or transfer that affected the amount of the sales  
6 price;

7 (c) The comptroller shall prepare and make available sales  
8 price disclosure report forms that conform to the requirements of  
9 this section.

10 Sec. 22.63. FILING AND RECEIPT OF REPORT. (a) A purchaser  
11 may file a sales price disclosure report with a chief appraiser by  
12 mail, hand delivery, or, if permitted by the chief appraiser,  
13 facsimile machine or other electronic means.

14 (b) On receipt of the completed sales price disclosure  
15 report, the chief appraiser shall provide to the purchaser a  
16 written acknowledgement that the report has been received. If the  
17 acknowledgement of receipt is mailed, the chief appraiser shall  
18 mail it to the purchaser at the address provided in the report.

19 Sec. 22.64. PREPARATION OF REPORT; IMMUNITY FROM LIABILITY.  
20 (a) A sales price disclosure report must be prepared by the  
21 purchaser of the property described in the report or by another  
22 person on behalf of the purchaser.

23 (b) A person who prepares a sales price disclosure report on  
24 behalf of a purchaser of the property described in the report is not  
25 liable to any person for preparing the report or for any  
26 unintentional error or omission in the report.

27 Sec. 22.65. ACTION TO COMPEL COMPLIANCE. The chief

1 appraiser may bring an action for an injunction to compel a person  
2 to comply with the requirements of this subchapter. If the court  
3 finds that this subchapter applies and that the person has failed to  
4 fully comply with its requirements, the court:

5 (1) shall order the person to comply; and

6 (2) may assess costs and reasonable attorney's fees  
7 against the person.

8 Sec. 22.66. PUBLIC INFORMATION. A sales price disclosure  
9 report filed with the chief appraiser under this subchapter is a  
10 public record and must be made available on request for inspection  
11 and copying during normal business hours.

12 SECTION 3. Section 23.013, Tax Code, is amended to read as  
13 follows:

14 Sec. 23.013. MARKET DATA COMPARISON METHOD OF APPRAISAL.  
15 (a) If the chief appraiser uses the market data comparison method  
16 of appraisal to determine the market value of real property, the  
17 chief appraiser shall use comparable sales data and shall adjust  
18 the comparable sales to the subject property.

19 (b) The chief appraiser may use information contained in a  
20 sales price disclosure report filed under Subchapter D, Chapter 22,  
21 in determining the market value of real property but may not  
22 increase the market value of the real property described in the  
23 report solely on the basis of the information contained in the  
24 report.

25 SECTION 4. (a) As soon as practicable after the effective  
26 date of this Act, but not later than January 1, 2008, each appraisal  
27 district shall prepare and make available sales price disclosure

1 report forms as provided by Section 22.62, Tax Code, as added by  
2 this Act.

3 (b) This Act applies only to a sale of real property that  
4 occurs on or after January 1, 2008.

5 SECTION 5. (a) Except as provided by Subsection (b) of this  
6 section, this Act takes effect September 1, 2007.

7 (b) Sections 1-3 of this Act take effect January 1, 2008.