Special Inventory

PENALTIES

FINES & MORE

PENALTIES

James Guest
Special Inventory Tax History

- The central appraisal district (CAD) was responsible to value inventory held by automobile, heavy equipment, trailer and boat dealers.
- They did so largely by counting the inventory then multiplying the total number by the average cost.
- This required them to find the cars on January 1st.
Texas Automobile Dealers Association Lobbied for change!

There were several problems with the former method of calculating inventory such as:

- The manufactures would send cars to Dealers, and the Dealers had no control of how many vehicles they would have on January 1.
- Some Dealers would hide cars making it unfair to those who paid taxes on their inventory.
- Other business inventory was not counted on January 1.
Texas Legislature enacted laws that identify Special Inventory Dealers and place the burden on those Dealers to provide inventory to both the Chief Appraiser and the Tax Assessor Collector.

These new laws are more fair to the Dealers, but failure not to properly adhere to these new laws have strict and hefty penalties.
What is Special Inventory

- **Motor Vehicle Inventory**
  - Property Tax Code §23.121, §23.122, and §23.123

- **Vessel and Outboard Motor Inventory**
  - Property Tax Code §23.124, §23.125, and §23.126

- **Heavy Equipment Inventory**
  - Property Tax Code §23.1241, §23.1242, and §23.1243

- **Manufactured Housing Retailers**
  - Property Tax Code §23.123, §23.127, and §23.128
Who Files Special Inventory

**Motor Vehicle Inventory** 23.121(a)(3)
- “Dealer” means a person who holds a dealer’s general distinguishing number issued by the Texas Department of Motor Vehicles.

**Vessel and Outboard Motor Inventory** 23.124(a)(3)
- “Dealer” means a person who holds a dealer’s and manufacturer’s number issued by the Parks and Wildlife Department.

**Heavy Equipment Inventory** 23.1241(a)(1)
- “Dealer” means a person engaged in the business of selling, leasing, or renting heavy equipment.

**Manufactured Housing Retailers** 23.127(a)(1)
- Retailer (defined by 1201.003 occupation code) as a person who:
  1. Is engaged in the business of buying for resale, selling, or exchanging manufactured homes or offering manufactured homes for sale or exchange to consumers, including a person who maintains a location for the display of manufactured homes; and
  2. Sells or exchanges at least two manufactured homes to consumers in a 12-month period.
23.121 (f) ... not later than February 1 of each year...each dealer shall file a declaration with the chief appraiser and file a copy with the collector. The declaration is sufficient to comply with this subsection if it sets forth the following information:

1. the name and business address of each location at which the dealer owner conducts business;
2. each of the dealer's general distinguishing numbers issued by the Texas Department of Transportation;
3. a statement that the dealer owner is the owner of a dealer's motor vehicle inventory; and
4. the market value of the dealer's motor vehicle inventory for the current tax year as computed under Section 23.121(b) of this code.
Annual Declaration
50-244

Dealer's Motor Vehicle Inventory Declaration

NAME: [Dealer's Name]

CITY/STATE: [City, State]

TELEPHONE: [Telephone Number]

CITY/STATE: [City, State]

TELEPHONE: [Telephone Number]

Table:

<table>
<thead>
<tr>
<th>Year</th>
<th>Make</th>
<th>Model</th>
<th>Year</th>
<th>Make</th>
<th>Model</th>
<th>Year</th>
<th>Make</th>
<th>Model</th>
<th>Year</th>
<th>Make</th>
<th>Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>Ford</td>
<td>F-150</td>
<td>2023</td>
<td>Toyota</td>
<td>Camry</td>
<td>2024</td>
<td>Honda</td>
<td>Accord</td>
<td>2025</td>
<td>Chrysler</td>
<td>300</td>
</tr>
</tbody>
</table>

Additional Instructions

Step 1: Verify the number of units sold and total sales. The top row of boxes is the number of units sold for the preceding year in each category. The bottom row boxes is the dollar amount for the preceding year in each category. The categories include:

- Motor vehicle inventory – new or used motor vehicles.
- Dealer's name is required to be entered in the box labeled "Dealer.
- Dealer's name is required to be entered in the box labeled "Dealer's Name."
23.122 (e) The comptroller shall promulgate a form entitled a Dealer's Motor Vehicle Inventory Tax Statement. Each month a dealer shall complete the form with respect to each motor vehicle sold. A dealer may use no other form for that purpose. The statement may include the information the comptroller deems appropriate but shall include at least the following:

- (1) a description of the motor vehicle sold;
- (2) the sales price of the motor vehicle;
- (3) the unit property tax of the motor vehicle if any; and
- (4) the reason no unit property tax is assigned if no unit property tax is assigned.,

Motor Vehicles 23.122, Heavy Equipment 23.1242, Manufactured Housing 23.129, Vessels and Outboard Motors 23.125
Except as provided by this section, a declaration or statement filed with a chief appraiser or collector as required by Section 23.121 or Section 23.122 of this code is confidential and not open to public inspection....

Applies to Motor Vehicle SIT 23.123, and Vessels and Outboard Motors SIT 23.126
Calculating Unit Property Tax Value ("UPTV")

\[ \text{total the tax rates for all taxing entities the property is subject to and divide by 12 (months) /100} \]

City of El Paso 0.63300
Ysleta ISD 1.330000
El Paso County 0.338258
EP Comm College 0.105670
Univ. Medical Cen 0.179405

\[ \frac{2.586333}{12/100} = 0.002155 \]
Market Value

- Market value is total annual sales less sales to dealers, fleet transactions, and subsequent sales, from the dealer’s motor vehicle inventory for the previous 12-month period corresponding to the prior tax year divided by 12.

- Total annual sales is the total of the sales price from every sale from a dealer’s motor vehicle inventory for a 12-month period.
Calculating SIT Taxes

- UPTV x Market Value / 12 = SIT

Pre Payment of Taxes
- Taxes are pre-paid each month
- Taxes are delinquent if not paid by January 31 of the subsequent year taxes are levied

***Please note there are no current year taxes due for Dealers who open their doors after January 1

***Taxes are due ONLY for Dealers who are open on January 1 of current tax year
Example 1 (Dealer opens doors 2017)

- Motor Vehicle Dealer opens her doors on January 2, 2017

- Dealer must submit (to chief appraiser and collector) an Annual Declaration within 30 days of opening business (23.121(b))

- Dealer must submit (to chief appraiser and collector) a Statement by February 10 (if no cars sold, then must be stated on Statement); (each subsequent month a Statement must be filed by the 10th day of the month (23.121(f))

- ***No taxes are due each month the Dealer was in business his first year, but a monthly Statement must be filed***
Example 1 Continued… (2018)

- Dealer must file a new Declaration by February 1
- Dealer’s SIT taxes are levied against Dealer on January 1, 2018, which is determined by the Chief Appraiser using sales data of Dealer from the prior year (23.121(c))
- Dealer must submit monthly statement and pre-pay taxes against each vehicle sold by 10th day of each month. (Dealer typically passes this cost onto each purchaser of a vehicle).
On January 1, 2019 taxes are levied
If there is a deficit, 2018 taxes are delinquent February 1, 2019
  Any 2019 overage is distributed to taxing entities (23.122(k))
Declaration must be filed by February 1, 2019
Statement and monthly pre-paid taxes are due by 10th of each month
SIT Fines & Penalties

- Declaration Late Filing Fine
- Declaration Late Filing Penalty
- Statement Late Filing Fine
- Statement Late Filing Penalty
- Escrow Late Payment Penalty
- Inspection of Documentation Fine
Timeline and Deadlines

- January 1: Property tax levied (32.01)
- February 1: Declaration must be filed (23.122)
  - Dealers that open a business after January 1 must file a declaration 30 days from commencing business
- 10th of the month statement must be filed and taxes paid (23.122)
  - Vehicles
  - Outboard Motors
  - Vessels
- 20th of the month statement must be filed and taxes paid (23.1242)
  - Heavy Equipment

Note*** taxes paid before January 31 of the year following the date on which they are due are not delinquent
Declaration
Misdemeanors, Fines & Penalties
Annual Declaration Fines & Penalties

- 23.121(j) ...An offense under this subsection is a misdemeanor punishable by a fine not to exceed $500. Each day during which a person fails to comply with the terms of Subsection (g) of this section is a separate violation.

- (k) ... A tax lien attaches to the dealer’s business personal property to secure payment of the penalty... A penalty forfeited under this subsection is $1,000 for each month or part of a month in which a declaration is not filed after it is due.

***No misdemeanor or fine for heavy equipment
Late Filing of Declaration
Misdemeanors, Fines & Penalties

- **Motor Vehicles** 23.121(i),(k)
  - Misdemeanor ($500 Fine a day until filed)
  - $1,000 Penalty each month until filed (Tax Lien BPP)

- **Vessels and Outboard Motors** 23.124(i),(k)
  - Misdemeanor ($500 Fine a day until filed)
  - $1,000 Penalty each month until filed (Tax Lien BPP)

- **Manufactured Housing** 23.127(i),(k)
  - Misdemeanor ($500 Fine a day until filed)
  - $1,000 Penalty each month until filed (Tax Lien BPP)

- **Heavy Equipment** 23.1241(j)
  - NO Misdemeanor
  - $1,000 Penalty each month until filed (Tax Lien BPP)
Who Collects

Annual Declaration Late Filing Penalty
Motor Vehicle 23.121(k)

- A **tax lien** attaches to the dealer’s business personal property to secure payment of the penalty.

- The appropriate district attorney, criminal district attorney, county attorney, chief appraiser, or person designated by the chief appraiser shall collect the penalty established by this section **in the name of the chief appraiser**.

$1,000 monthly penalty (delinquent any part of the month)
Who Collects
Annual Declaration Late Filing Penalty
Vessel and Outboard Motor 23.124(k)

- A **tax lien** attaches to the dealer’s business personal property to secure payment of the penalty.

- The appropriate district attorney, criminal district attorney, or county attorney, **shall collect** the penalty established by this section in **the name of the chief appraiser or collector**.

$1,000 monthly penalty (delinquent any part of the month)
Who Collects
Annual Declaration Late Filing Penalty
Heavy Equipment 23.1241(j)

- A tax lien attaches to the dealer’s business personal property to secure payment of the penalty.
- The appropriate district attorney, criminal district attorney, or county attorney may collect the penalty established by this section in the name of the collector.
- The chief appraiser may collect the penalty in the name of the chief appraiser.
- The chief appraiser or the appropriate district attorney, criminal district attorney, or county attorney may sue to enforce compliance with this section.

$1,000 monthly penalty (delinquent any part of the month)
Who Collects
Annual Declaration Late Filing Penalty
Retail Manufactured Housing 23.127(k)

- A **lien** attaches to the retailer’s business personal property to secure payment of the penalty.

- The appropriate district attorney, criminal district attorney, county attorney, chief appraiser, or person designated by the chief appraiser shall collect the penalty established by this section in the name of the chief appraiser.

$1,000 monthly penalty (delinquent any part of the month)
STATEMENT (Monthly Report)
Misdemeanors, Fines & Penalties
Penalties for Failure to File Monthly statements

- 23.122 (m) A dealer who fails to file a statement ... commits an offense ... is a **misdemeanor** punishable by a **fine** not to exceed **$100. Each day** during which a dealer fails to comply with the terms of this subsection is a separate violation.

- 23.122(n) ...a dealer who fails to file a statement as required by this section shall forfeit a **penalty**. ... The appropriate district attorney, criminal district attorney, county attorney, collector, or person designated by the collector shall collect the penalty established by this section **in the name of the collector**. ... A penalty forfeited under this subsection is **$500 for each month or part of a month** in which a statement is not filed after it is due.
Late Filing of Statement
Misdemeanors, Fines & Penalties

- **Motor Vehicles** 23.122(m),(n)
  - Misdemeanor ($100 Fine a day until filed)
  - $500 Penalty each month until filed (Tax Lien BPP)

- **Vessels and Outboard Motors** 23.125(m),(n)
  - Misdemeanor ($100 Fine a day until filed)
  - $500 Penalty each month until filed (Tax Lien BPP)

- **Manufactured Housing** 23.128(l),(m)
  - Misdemeanor ($100 Fine a day until filed)
  - $500 Penalty each month until filed (Tax Lien BPP)

- **Heavy Equipment** 23.1242(m)
  - $500 Penalty each month until filed (Tax Lien BPP)
Escrow Payment Penalties
Prepayment Escrow Account

VIT/SIT vehicle (23.122(b), vessels and outboard inventory
23.25(b), Manufactured Housing Retailers (23.128(b))

♦ 23.122 (b)
  ♦ On or before the 10th day of each month the owner shall, together with the statement
  ♦ deposit with the collector a sum equal to the total of unit property tax assigned to all motor vehicles sold from the dealer's motor vehicle inventory in the prior month to which a unit property tax was assigned. ...

♦ 23.122 (c)
  ♦ The collector is not required to maintain a separate account in the depository for each escrow account created
23.1242 (b)

On or before the 20th day of each month the owner shall, together with the statement...

...deposit with the collector an amount equal to the total of unit property tax assigned to all items of heavy equipment sold, leased, or rented from the dealer’s heavy equipment inventory in the preceding month to which a unit property tax was assigned...
Non-Payment of Escrow Taxes
Penalties

- An owner who fails to remit unit property taxes due as required by this section shall pay a **penalty of five percent** of the amount due.

- If the amount due is not paid within 10 days after the due date, the owner shall pay an **additional penalty of five percent** of the amount due.

- Notwithstanding the terms of this section, unit property taxes paid on or before January 31 of the year following the date on which they are due are **not delinquent**.

- The collector, the collector’s designated agent, or the county or district attorney shall enforce the terms of this subsection.

- A penalty under this subsection is in addition to any other penalty provided by law if the owner’s taxes are delinquent.
Non-Payment of Escrow Taxes Penalties

- **Motor Vehicles** 23.122(o)
  - 5% Additional Penalty if not paid by 11th of the month
  - +5% Additional Penalty if not paid by the 21st of the month

- **Vessels and Outboard Motors** 23.125(o)
  - 5% Additional Penalty if not paid by 11th of the month
  - +5% Additional Penalty if not paid by the 21st of the month

- **Manufactured Housing** 23.128(n)
  - 5% Additional Penalty if not paid by 11th of the month
  - +5% Additional Penalty if not paid by the 21st of the month

- **Heavy Equipment** 23.1242(n)
  - 5% Additional Penalty if not paid by 21th of the month
  - +5% Additional Penalty if not paid until after 31st day of the month

**Note:** Tex. Prop. Tax Code 1.06: If the last day for the performance of an act is a Saturday, Sunday, or legal sate or national holiday, the act is timely if performed on the next regular business day.
The collector shall retain any interest generated by the escrow account to defray the cost of administration of the prepayment procedure established by this section. Interest generated by an escrow account created as provided by this section is the **sole property of the collector** and may not be used by an entity other than the collector. Interest generated by an escrow account may not be used to reduce or otherwise affect the annual appropriation to the collector that would otherwise be made.

Applies to **ALL** SIT
- 23.122 (c) Motor Vehicle Inventory
- 23.1242(c) Heavy Equipment Dealers
- 23.125(c) Vessel and Outboard Motor Inventory
- 23.128(c) Manufactured Housing Retailers
Whose Money?

Late Filing of Statement and Escrow Payments
Motor Vehicles 23.122(p), Heavy Equipment 23.1242(o), Manufactured Housing Retailers 23.128(o)

- Fines collected pursuant to the authority of this section shall be deposited in the county depository to the credit of the general fund. 23.122 (p)

- …Penalties collected…are the sole property of the collector, may be used by no entity other than the collector, and may not be used to reduce or otherwise affect the annual appropriation to the collector that would otherwise be made.
Whose Money?

Late Filing of Statement and Escrow Payments
Vessels and Outboard Motors 23.125(p)

- **Fines and Penalties** collected pursuant to the authority of this section shall be deposited in the county depository to the credit of the **general fund**.
Waiver of Penalties

- § 23.129
  - A Chief Appraiser may waive Declaration Penalties
    - § 23.121(k) Motor Vehicle
    - § 23.1241(j) Heavy Equipment
  - A Collector may waive Tax Statement Penalties
    - § 23.122(n) Motor Vehicles
    - § 23.1242(m) Heavy Equipment

- Waiver permitted only if:
  - TP files written application NLT 30 days after declaration or statement due date; and
  - TP’s failure to file timely was the result of a DISASTER making filing impossible, or an event beyond the control of TP that DESTROYED TP’s property or records;
  - TP must be otherwise be in compliance with filing rules
COLLECTING FINES & PENALTIES
Fines & Penalty Collection Issues

- Who will collect?
- How do we track delinquencies?
- Does my collection software have a SIT module?
- Should letters be mailed?
- If so, who mails the letters?
- Due process concerns
- Does Waiver of penalties apply?
Run Reports

- Collection Software VIT/SIT collection modules
  - Run year to date dealer reports
  - Print letters
### COMPOSITE SUMMARY OF
SPECIAL INVENTORY DEALER MOTOR VEHICLE ACCOUNTS FOR THE YEAR 2010
AS OF 05/24/2010

<table>
<thead>
<tr>
<th>Dealer No. / CAD No.</th>
<th>Dealer Name</th>
<th>Month</th>
<th>Deposit</th>
<th>Receipt Date</th>
<th>Payment Type</th>
<th>Monthly Sales</th>
<th>Escrow Due</th>
<th>Pen./Fines/NSF Paid</th>
<th>Amount Paid</th>
<th>Over/Short</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>FEB 0321DB</td>
<td>03/25/2010</td>
<td>CASH</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>MAR 0401MM</td>
<td>04/09/2010</td>
<td>CHECK 7089</td>
<td>22,000.00</td>
<td>35.62</td>
<td>0.00</td>
<td>0.00</td>
<td>35.62</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>APR 0512DRT</td>
<td>05/10/2010</td>
<td>CHECK 7089</td>
<td>22,000.00</td>
<td>35.62</td>
<td>0.00</td>
<td>0.00</td>
<td>35.62</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>JAN 0210DRT</td>
<td>02/10/2010</td>
<td>CHECK 16120</td>
<td>205,918.00</td>
<td>443.75</td>
<td>0.00</td>
<td>443.75</td>
<td>0.00</td>
<td>0.06</td>
</tr>
<tr>
<td></td>
<td></td>
<td>FEB 0312DRT</td>
<td>03/10/2010</td>
<td>CHECK 16126</td>
<td>41,146.26</td>
<td>88.67</td>
<td>0.00</td>
<td>88.67</td>
<td>0.00</td>
<td>0.02</td>
</tr>
<tr>
<td></td>
<td></td>
<td>MAR 0412DRT</td>
<td>04/10/2010</td>
<td>CHECK 162793</td>
<td>33,985.00</td>
<td>71.04</td>
<td>0.00</td>
<td>71.04</td>
<td>0.00</td>
<td>0.01</td>
</tr>
<tr>
<td></td>
<td></td>
<td>APR 0512DRT</td>
<td>05/10/2010</td>
<td>CHECK 162793</td>
<td>23,500.00</td>
<td>50.64</td>
<td>0.00</td>
<td>50.64</td>
<td>0.00</td>
<td>0.01</td>
</tr>
<tr>
<td></td>
<td></td>
<td>JAN 0210DRT</td>
<td>02/10/2010</td>
<td>CASH</td>
<td>13,590.95</td>
<td>29.29</td>
<td>0.00</td>
<td>29.29</td>
<td>0.00</td>
<td>-29.29</td>
</tr>
<tr>
<td></td>
<td></td>
<td>FEB 0312DRT</td>
<td>03/10/2010</td>
<td>CHECK 1155</td>
<td>9,500.00</td>
<td>19.72</td>
<td>0.00</td>
<td>19.72</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>MAR 0412DRT</td>
<td>04/10/2010</td>
<td>CHECK 1169</td>
<td>13,000.00</td>
<td>26.99</td>
<td>0.00</td>
<td>26.99</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>APR 0511DRT</td>
<td>05/10/2010</td>
<td>CHECK 1</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

**Total**

<table>
<thead>
<tr>
<th>Levy Assessed</th>
<th>Levy To Xfer</th>
<th>Levy Overage</th>
<th>Levy Unallocated</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$329.87</td>
</tr>
<tr>
<td>$189,150.75</td>
<td>$297.87</td>
<td>$25.83</td>
<td>$355.70</td>
</tr>
<tr>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$647.10</td>
</tr>
<tr>
<td>$303,521.26</td>
<td>$664.10</td>
<td>$7.10</td>
<td>$654.20</td>
</tr>
<tr>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>$13,590.95</td>
<td>$29.29</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$46.71</td>
</tr>
<tr>
<td>$22,500.00</td>
<td>$46.71</td>
<td>$0.00</td>
<td>$46.71</td>
</tr>
</tbody>
</table>
### YTD Dealer Report Cont..

**COMPOSITE SUMMARY OF SPECIAL INVENTORY DEALERSHIP TYPES ACCOUNTS FOR THE YEAR 2010 AS OF 05/24/2010**

**Run Date:** 05/24/2010 11:15:11  
**Request Seq:** 62315  
**Input Request Seq:**  
**actvit08.rdf v1.35**  
**Page 204 of 204**

<table>
<thead>
<tr>
<th><strong>Number of Accounts Processed:</strong></th>
<th>617</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SPECIAL INVENTORY GRAND TOTALS:</strong></td>
<td></td>
</tr>
<tr>
<td>YTD Monthly Sales:</td>
<td>$430,947,735.98</td>
</tr>
<tr>
<td>Calculated Escrow Due:</td>
<td>$902,987.11</td>
</tr>
<tr>
<td>Total Levy Assessed:</td>
<td>$0.00</td>
</tr>
<tr>
<td>Total Payments:</td>
<td>$927,245.37</td>
</tr>
<tr>
<td>Total Reversals:</td>
<td>-$34,165.68</td>
</tr>
<tr>
<td>Transaction Amounts:</td>
<td>$893,059.49</td>
</tr>
<tr>
<td><strong>Distribution Of Funds</strong></td>
<td></td>
</tr>
<tr>
<td>Levy Withdrawal To LockBox:</td>
<td>$0.00</td>
</tr>
<tr>
<td><strong>Total Levy To Xfer:</strong></td>
<td>$0.00</td>
</tr>
<tr>
<td><strong>Total Levy Overages:</strong></td>
<td>$0.00</td>
</tr>
<tr>
<td><strong>Total Levy Unallocated:</strong></td>
<td>$691,215.63</td>
</tr>
<tr>
<td>Escrow Paid:</td>
<td>$891,165.63</td>
</tr>
<tr>
<td><strong>Total Penalty Paid:</strong></td>
<td>$1,843.66</td>
</tr>
<tr>
<td><strong>Total Fines Paid:</strong></td>
<td>$0.00</td>
</tr>
<tr>
<td><strong>Total NSF Paid:</strong></td>
<td>$0.00</td>
</tr>
<tr>
<td><strong>Total Penalty/Fines/NSF Paid:</strong></td>
<td>$1,843.66</td>
</tr>
<tr>
<td>Overage Withdrawal:</td>
<td>$0.00</td>
</tr>
<tr>
<td>Penalty Withdrawal:</td>
<td>$0.00</td>
</tr>
<tr>
<td>Fine Withdrawal:</td>
<td>$0.00</td>
</tr>
<tr>
<td>NSF Withdrawal:</td>
<td>$0.00</td>
</tr>
<tr>
<td><strong>Total Withdrawal To Taxledge:</strong></td>
<td>$0.00</td>
</tr>
</tbody>
</table>

**END OF OVERALL REPORT**
Communicate with Dealers, 
Initiate Dialog
May 8, 2003

Dealer No: 
CAD No: 
Tax Year: 

RE: ANNUAL FACTOR LETTER

The Assessor's Appraisal District has determined the taxing jurisdictions in which your company was located as of May 08, 2003. Your tax pre-payments into your escrow account should now be calculated using the unit property tax value (UPTV) shown below:

<table>
<thead>
<tr>
<th>Taxing Jurisdiction</th>
<th>Tax-Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1.580000</td>
</tr>
<tr>
<td></td>
<td>0.646270</td>
</tr>
<tr>
<td></td>
<td>0.165500</td>
</tr>
<tr>
<td></td>
<td>0.057000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2.388770</strong></td>
</tr>
</tbody>
</table>

\[
2.388770 / 12 / 100 = \text{UPTV Factor} = 0.001991
\]

Example: Sales Price $3500.00 x Factor 0.001991 = $9.95

Questions regarding the Special Inventory Texas should be directed to the

Questions regarding which taxing jurisdiction your business is located in should be directed to the

Appraisal District at
Balance Due Receipt/Statement

<table>
<thead>
<tr>
<th>PAYMENT MONTH/YEAR</th>
<th>CALCULATED ESCROW DUE</th>
<th>CALCULATED PENALTY DUE</th>
<th>TOTAL DUE</th>
<th>TOTAL PAID</th>
<th>BALANCE DUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>04/2010</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

---

AGGREGATE TAX RATE: 0.025012

Total Paid Escrow YTD: $50.02

Current Month Balance Outstanding: $50.00

Year-to-Date Balance Outstanding: $45.16

Total Applied: $50.00

Total Tendered: $50.00

Change Due: $0.00

APPLIED TAXING JURISDICTIONS:

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Tax Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>001</td>
<td>0.020000</td>
</tr>
<tr>
<td>002</td>
<td>1.260000</td>
</tr>
<tr>
<td>003</td>
<td>0.005500</td>
</tr>
<tr>
<td>004</td>
<td>0.005500</td>
</tr>
<tr>
<td>005</td>
<td>0.005700</td>
</tr>
<tr>
<td>006</td>
<td>0.079455</td>
</tr>
<tr>
<td>007</td>
<td>0.079455</td>
</tr>
<tr>
<td>008</td>
<td>0.079455</td>
</tr>
</tbody>
</table>

Total: $45.16

PRINT DATE: May 24, 2016
May 7, 2003

Re: NON-RECEIPT OF SPECIAL INVENTORY TAX ANNUAL DECLARATION

As of this date, we have not received your annual declaration for the year 2003 that would be the total sales for the year 2002.

If you own an inventory subject to the provisions of Sec. 23.121, Tax Code, you must file this Special Inventory Tax Annual Declaration with the chief appraiser and a copy with the county tax assessor not later than February 1st of each year. If you were not in business on January 1st, you must file this statement not later than 30 days after starting business. failure to file this form is a misdemeanor offense punishable by a fine not to exceed $500.00. Each day during which you fail to comply is a separate offense.

Dealers who have not submitted by March 1st, names will be provided to the Attorney's office for possible legal action.

Please respond as quickly as possible.
Monthly Statement Penalty Letter

Re: Special Vehicle Inventory Tax Account Number

Dear Automobile Dealer (Taxpayer):

Your business did not file the required Vehicle Inventory Tax Report as required by law. Your dealership is required to file a monthly Vehicle Inventory Tax Report with this office each and every month. This report must be filed no later than the 10th of the following month for the previous month’s sales, even if there were no sales for the month.

A Dealer who fails to remit the unit property taxes due as required by 23.122(a) of the Texas Property Tax Code, shall pay a late fee of 5% on the amount due. An additional late fee of 5% shall be assessed on the amount due if not paid within 10 days after the due date.

Under this subsection, a penalty of $500 shall be forfeited each month or part of a month in which a statement is not filed after it is due.

Due to this oversight, your dealership (business) has now incurred a penalty of $500.00 for each of the following monthly statement(s) not filed:

<table>
<thead>
<tr>
<th>Calendar Year: 2010</th>
<th>Penalty</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 2010</td>
<td>$500.00</td>
</tr>
<tr>
<td>February 2010</td>
<td>$500.00</td>
</tr>
<tr>
<td>March 2010</td>
<td>$500.00</td>
</tr>
</tbody>
</table>

Total Amount Due $1,500.00

The total amount is due and payable upon receipt of this letter. Further, NO title transfers or registrations for your dealership/business will be processed by any of our County Tax Offices or contracted offices, until this matter is resolved.

Your appointment is for _______. Failure to keep your appointment will preclude you from registering vehicles until the fines are satisfied.

If you have any questions, please call me at ____________ or contact me via email ____________.
May 7, 2003

Dealer No: 
CAD No: 
Location Address: 7400 

Re: LATE PENALTY NOTICE

Your Special Inventory Tax Statement for the month of February incurred a late penalty in the amount of $3.09.

Sales post-marked after the 10th of the month are subject to a 5% penalty. Sales post-marked after the 20th of the month are subject to a 10% penalty.

Please submit your payment by return mail in the enclosed envelope. Please include this notice to insure proper posting to your account.
Strategies

Depends on County Collector Policy

- Strategy will likely depend on the size of your office and county resources
- Some offices utilize both County Attorney and District Attorney

TAC → County Attorney → District Attorney → TAC → Tax Payer

Other offices utilize the tax office only

TAC → Tax Payer

**Contract between Chief Appraiser and Tax Office**
Recruit Constable or Sheriff to Enforce Misdemeanor Violations

**Statement (Monthly Report)**
- **Motor Vehicles** 23.122(m)
  - Misdemeanor
  - $100 Fine a day until filed
- **Vessels and Outboard Motors** 23.125(m)
  - Misdemeanor
  - $100 Fine a day until filed
- **Manufactured Housing** 23.129(l)
  - Misdemeanor
  - $100 Fine a day until filed

**Declaration**
- **Motor Vehicles** 23.121(i)
  - Misdemeanor
  - $500 Fine a day until filed
- **Vessels and Outboard Motors** 23.124(i)
  - Misdemeanor
  - $500 Fine a day until filed
- **Manufactured Housing** 23.127(i)
  - Misdemeanor
  - $500 Fine a day until filed
Add Late Filing Penalty To Tax Roll

- Penalty tax liens can be enforced the same as other delinquent business personal property accounts.
Add Penalty to Tax Roll, and Enforce BPP Tax Liens

**Statement** (Monthly Report)

- **Motor Vehicles** 23.122(n)
  - $500 Penalty each month until filed (Tax Lien BPP)

- **Vessels and Outboard Motors** 23.125(n)
  - $500 Penalty each month until filed (Tax Lien BPP)

- **Manufactured Housing** 23.129(m)
  - $500 Penalty each month until filed (Tax Lien BPP)

- **Heavy Equipment** 23.1242(m)
  - $500 Penalty each month until filed (Tax Lien BPP)

**Declaration**

- **Motor Vehicles** 23.121(k)
  - $1,000 Penalty each month until filed (Tax Lien BPP)

- **Vessels and Outboard Motors** 23.124(k)
  - $1,000 Penalty each month until filed (Tax Lien BPP)

- **Manufactured Housing** 23.127(k)
  - $1,000 Penalty each month until filed (Tax Lien BPP)

- **Heavy Equipment** 23.1241(j)
  - $1,000 Penalty each month until filed (Tax Lien BPP)
Benefits of Collecting Penalties

- Vehicles/Maintenance
- Gasoline
- Professional Development
- Dues, Courses, Per Diem, Hotels, Conference Registration
- Copy Machines/Printers
- Computers
- Software
- Salaries

** Expenses you would not mind published on the front page of the newspaper!**
Property Tax Code

- Relevant code dealing with special inventory specifically is found in §23, Subchapter B of the Texas Property Tax Code

- Comptroller website
  https://comptroller.texas.gov/taxes/property-tax/special-inventory.php
Thank you TACA

James Guest
james.guest@lgbs.com
(936) 202-4115
Attorney