

Mailing Address:

PERSONAL PROPERTY DIVISION
PO BOX 922007
HOUSTON TX 77292-2007



Harris County Appraisal District

2800 North Loop West, Houston, Texas

Telephone: (713) 812-5800

Information Center: (713) 957-7800

P E PENNINGTON & CO INC
4004 BELT LINE RD
STE 107 LB#19
ADDISON TX 75001-4370

Dear Business Taxpayer:

I am writing to make you aware of a new Texas law concerning the rendition of your business personal property to the appraisal district. Effective January 1, this new law will impose tough penalties on those who fail to file an annual report of their personal property (called a rendition) with the district, and it will impose even tougher penalties for those who attempt to evade taxes through fraudulent or incomplete reporting. The legislature recognized that when this new law takes effect, there will be some businesses who will be liable for back assessments if we discover property we did not know about through the new reports. For that reason, the new law provides a one time amnesty from back assessment of business personal property that has escaped taxation.

Business owners who have been complying with the old rendition law are unlikely to have omitted property and should have no concern over possible back assessments. However, I am sending this letter to all Harris County business owners to ensure that no one is unaware of the amnesty provision, or of new penalties for failure to render beginning next year.

Senate Bill 340, effective September 1, 2003, provides an amnesty from back assessment of previously untaxed business personal property if you render the omitted property for 2003, provide the information required by the enclosed form, and file the form with the Harris County Appraisal District *before* December 1, 2003. The amnesty provision concerns 2001 and 2002 taxes. If, as a result of the information you provide, we determine that some or all of your business personal property has been omitted from the current or prior year's tax assessments, the amnesty provision only allows us to add the omitted property to the appraisal roll for 2003. Under the amnesty provision, we cannot add the omitted property for prior years. In order to qualify, however, you must provide all of the information required by the form and file it with us prior to December 1.

If you have omitted business personal property and fail to take advantage of this one time amnesty provision, the property will be subject to back assessment.

In completing your rendition, state law provides you may either provide a good faith estimate of the market value of the property rendered or the historical cost of the property when new and the year of acquisition. It is at your discretion to provide either one or both types of information. If your good faith estimate of the total value of your property is less than \$20,000 you only need to render a general description of the property and its physical location or taxable situs (see Part 2 of the rendition form).

The new law provides that we may require you to furnish a statement substantiating the information reported in the rendition form. If we notify you in writing that you must do so, you must file the statement within 21 days of the date you receive the request.

00122_A 2003233-004737A

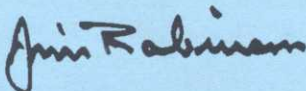
Business personal property, including inventories; furniture and fixtures; machinery and equipment; computers; and vehicles, vessels, and aircraft, is taxable in Texas if held or used for the production of income. While rendition has always been a requirement of law, state law previously did not impose penalties for failure to render or for rendering after the statutory deadline. Effective January 1, 2004, penalties will be assessed for failure to file on time. The new law also provides for imposition of a substantial civil penalty, and possible criminal prosecution, for filing a false rendition or engaging in deliberate tax evasion.

If some or all of your business personal property was not fully taxed in past years, I urge you to take advantage of this one time opportunity to avoid back assessment. Omitted property discovered after December 1, 2003, will not be covered by the amnesty and will be subject to back assessment.

You do not need to file this form if you believe all your taxable business personal property has been properly reported to the Harris County Appraisal District and is on the appraisal roll.

I realize this is a complicated issue. Please call our Information Center at 713-957-7800 if you have questions, or visit our Business Assistance Center at 2800 North Loop West, Suite 100, Houston Texas, between the hours of 8 a.m. and 5:30 p.m. weekdays.

Sincerely,

A handwritten signature in black ink that reads "Jim Robinson". The signature is written in a cursive, slightly slanted style.

Jim Robinson, R.P.A.
Chief Appraiser

Attachment (Special Amnesty Rendition Form)