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TEXAS REGISTER

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In This Issue...

Comptroller of public accounts proposes new sections, amendments, and repeal concerning filing of inheritance tax returns ; proposed date of adoption—May 23 1554

Board of Examiners of Psychologists proposes an amendment concerning references by current board members for applications before the board; proposed date of adoption—May 26 1577

Railroad Commission of Texas proposes an amendment to rule pertaining to the storage of fluids such as saltwater brine and other field waste in pits; proposed date of adoption—June 9 1578

State Board of Insurance adopts rules concerning the requirements under which indeterminate premium reduction policies may be marketed in Texas 1579



The *Texas Register* is currently in the process of converting to the numbering system found in the *Texas Administrative Code* (TAC). To aid the reader in this conversion, both the 10-digit *Register* number and the new TAC number will be listed for agencies whose rules have been published in the TAC. Emergency, proposed, and adopted rules sections of the *Register* are divided into two classifications: codified and noncodified. Codified rules appear in title number order. Non-codified rules appear in alphabetical order as they have in the past. An "Index of TAC Titles Affected" appears at the end of this issue.

Titles 1, 4, 7, 10, 13, 31, 34, 37, and 43 only of the TAC have now been published. Documents classified in the *Texas Register* to titles not yet published and certain documents affecting titles of the code have been accepted in the non-TAC format and may be renumbered or revised, or both, when initially codified in the TAC.

Under the TAC scheme, each agency rule is designated by a TAC number. For example, in the citation 1 TAC §27.15:

1 is the title (agencies grouped together by subject title which are arranged alphabetically)

TAC is the *Texas Administrative Code*

§27.15 is the section number (27 represents the chapter number and 15 represents the individual rule within the chapter)

Latest Texas Code Reporter
(Master Transmittal Sheet): No. 1, Oct. 79

HOW TO CITE: Material published in the *Texas Register* is referenced by citing the volume in which a document appears, the words "TexReg," and the beginning page number on which that document was published. For example, a document published on page 2404 of Volume 4 is cited as follows: 4 TexReg 2404.

Cover illustration represents Elisabet Ney's statue of Stephen F. Austin, which stands in the foyer of the State Capitol.

TEXAS REGISTER

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George W. Strake, Jr.
Secretary of State

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Proposed Rules

- Comptroller of Public Accounts
1554 *Tax Administration*
- Texas State Board of Examiners of Psychologists
1577 *General Ruling*
1577 *Applications*
1578 *Rules of Practice*
- Railroad Commission of Texas
1578 *Oil and Gas Division*

Adopted Rules

- State Board of Insurance
1579 *Life, Accident, and Health*
- Texas State Board of Examiners of Psychologists
1581 *Applications*

Open Meetings

- 1582 *State Board of Barber Examiners*
- 1582 *Finance Commission of Texas*
- 1582 *University of Houston*
- 1582 *Texas Motor Vehicle Commission*
- 1583 *Texas Parks and Wildlife Department*
- 1583 *State Pension Review Board*
- 1583 *Public Utility Commission of Texas*
- 1584 *Texas Southern University*
- 1584 *Texas Tourist Development Agency*
- 1584 *Veteran's Land Board*
- 1584 *Texas Water Commission*
- 1585 *Regional Agencies*

In Addition

- Texas Health Facilities Commission
1586 *Applications for Declaratory Ruling, Exemption Certificate, and Transfer and Amendment of Certificate*
- State Property Tax Board
1586 *Consultant Proposal Request*
- Railroad Commission of Texas
1587 *Notice of Hearing—Clarification*
- Texas Register
1588 *Publication Schedule for May, June, and July*

Index

- 1589 *TAC Titles Affected in This Issue (Conversion Table)*
- 1589 *Table of TAC Titles*

An agency may adopt a proposed rule no earlier than 30 days after publication in the *Register*, except where a federal statute or regulation requires implementation of a rule on shorter notice.

Upon request, an agency shall provide a statement of the reasons for and against adoption of a rule. Any interested person may request this statement from the agency before adoption or within 30 days afterward. The statement shall include the principal reasons for overruling objections to the agency's decision.

This section now contains two classifications: codified and noncodified. Agencies whose rules have been published in the *Texas Administrative Code* will appear under the heading "Codified." These rules will list the new TAC number, which will be followed immediately by the *Texas Register* 10-digit number. Agencies whose rules have not been published in the TAC will appear under the heading "Noncodified." The rules under the heading "Codified" will appear first, immediately followed by rules under the heading "Non-codified."

Symbology—Changes to existing material are indicated in *bold italics*. [Brackets] indicate deletion of existing material.

CODIFIED

TITLE 34. PUBLIC FINANCE

Part I. Comptroller of Public Accounts

Chapter 3. Tax Administration

Subchapter M. Inheritance Tax Division

(Editor's note: A lengthy proposal by the comptroller of public accounts concerning filing of the inheritance tax return is being published serially beginning in the April 22 issue. The sections affected by this action are §§3.211-3.224 (026.02.14.101-.115). Sections 3.214 (.104 and .115) and 3.215 (.105) appear in this issue. The remainder will follow in consecutive issues. The proposed date of adoption for the serialized sections is May 23, 1980.)

The comptroller of public accounts proposes to amend §§3.211-3.213 and 3.215-3.223 (026.02.14.101-.103 and .105-.113), repeal §3.214 (026.02.14.104), and to adopt new §§3.224 and 3.214 (026.02.14.114 and .115). The amendments are necessary to clarify existing rules and policy with the hope of eliminating routine questions which the Inheritance Tax Division receives on a daily basis and to reflect changes required by law.

Section 3.211 (.101) will be changed to address the question of when the estate of a nonresident decedent owning only intangible personal property within the jurisdiction of Texas must nevertheless file a Texas inheritance tax return. The present section leaves this question unanswered.

Section 3.212 (.102) will be changed to add a section which explains a new tax return (declaration of no tax due) and to include that part of former §3.218(c) (.108(c)) which lists what additional documents must be submitted if the estate also files a federal estate tax return. It was decided to consolidate into one section all documents which an estate may be required to furnish. The dollar limit on the small estate return will be increased to \$200,000 and can be used when no federal estate tax is due and use of the Declaration of No Tax Due form is not appropriate.

The proposed changes to §3.213 (.103) dealing with duties of the county or probate court are clarifying changes and do not represent new matter.

Present §3.214 (.104) simply lists assets to be reported on a return and is of little help to the practitioner; therefore, it is proposed for repeal.

The proposed changes to §3.215 (.105) dealing with valuation are numerous. First, the section will be reorganized by placing both the longer examples and the actuarial tables which are in the body of the current section into appendices appearing at the end of the proposed section. It was determined that the present arrangement of §3.215 (.105), because of the placement of certain illustrative material, is cumbersome and does not lend itself to quick reference. Subsection (b)(2) will clarify that the alternate valuation method must be elected on a timely filed return. Subsection (c)(2)(D) on the valuation of producing mineral interests will be expanded to define the measurement period for the five-year payout which the Inheritance Tax Division now uses when the estate fails to provide other satisfactory evidence of value. The present section fails to address those situations where there was less than 12 months of actual production immediately preceding death, or where the alternate valuation date is elected. Subsection (f)(1)(D) on the disposition of insurance proceeds when a simultaneous death occurs will be changed to incorporate the language of Section 47, Texas Probate Code Annotated. Subsection (f)(2)(C) will be changed to (f)(2)(B) and will provide that the full amount of National Service Life Insurance proceeds and not just a community one-half must be reported. Subsection (f)(5), formerly (4), listing certain elements of insurance which are not eligible for the insurance exemption will be changed to clarify where on the returns these items should be reported. In addition, the amendment will explain that debts secured by insurance are not to be netted against the principal amount but should be reported separately. Subsection (f)(6) is new and will clarify that if insurance proceeds are payable to more than one beneficiary, the \$40,000 life insurance exemption will be prorated. Subsection (m) dealing with annuities will be expanded to include benefits exempt from inheritance taxation and accruing under laws not presently listed. There will be added a new paragraph (4) explaining the procedure for obtaining a valuation of a civil service annuity. Subsection (n)(2) concerning valuation of household and personal effects will be subdivided into two parts. The first will delete the existing requirement that the executor provide a declaration under penalties of perjury as to the disinterested character and the qualifications of any appraiser. The second will clarify what information must be submitted to the Inheritance Tax Division if any household or personal effects must be sold or distributed before the due date of the return. Subsection (p) on the valuation of charitable remainder trusts and pooled income funds will be deleted. Finally, additional

illustrations on the valuation of concurrent and consecutive life estates will appear in proposed Appendix II, a new illustration on the valuation of life insurance where there has been a simultaneous death will be added and will appear in Appendix IV, and the annuity tables and examples which will appear in Appendix V will be changed to correct several numerical mistakes that now exist.

Section 3.216 (.106), Transfers of Property Interests, will contain minor clarifying changes. In addition, Example (B) in subsection (c)(5) will be changed to eliminate the appearance of any conflict with the case of Estate of Wylie *v.* Commissioner of Internal Revenue, 610 F.2d 1282 (5th Circuit 1980).

Section 3.217 (.107), dealing with deductions, will reflect several changes. First, subsection (b) will provide that a bequest or devise of property to an executor in lieu of commissions is deductible to the extent not in excess of reasonable compensation. Reasonable compensation fixed by will is also an allowable deduction. However, in all situations, whether in lieu of commissions, fixed by will, or otherwise, the amount of compensation, in general, cannot exceed 5.0% of the gross estate subject to administration. Second, subsection (d)(1) will be changed to clarify existing Inheritance Tax Division policy that the only miscellaneous expenses allowed as deductions are those incurred in connection with the assessment and collection of the inheritance tax. Expenses incurred because an administration is held open during the period of an extension or payout are not deductible. Moreover, expenses incurred in preserving or maintaining property of the estate will not be allowed to reduce the net taxable estate. Third, subsection (d)(2) will be amended to clarify that not all expenses for selling property are deductible. If the sale of property is not specifically provided for by will and proceeds from the sale exceed the amount necessary to satisfy the estate's obligations, then only a percentage of such expenses is allowed. An illustration of prorating expenses will be included. Fourth, subsection (e) dealing with debts of the decedent will be expanded to include additional statements of which debts are allowable and which are not. Of particular interest is the provision that interest expense incurred to pay either estate or inheritance tax will not be allowed. Fifth, subsection (g) will be changed to refer to the deduction, as opposed to the credit, for property previously taxed. Sixth, subsection (i) dealing with proration of debts in a multistate estate situation will be deleted to conform to the comptroller's decision in Administrative Hearing 9897, which is discussed below more fully in connection with the amendment to §3.220(b) (.110(b)).

Section 3.218 (.108), Audit Procedures, will contain minor clarification changes. As previously noted, the former section on submitting federal returns and audit results will be incorporated into §3.212 (.102).

Section 3.219 (.109) will be changed to include a written explanation of the disposition of an estate under the Texas laws of descent and distribution. The charts now appearing in the section which graphically represent intestate distribution will be reformatted. Examples of the distribution of the decedent's net estate in a "widow's election" situation will also be included. Moreover, the definitions of community and separate property found in subsection (e) will be amended to conform to the definitions found in the Texas Family Code.

Section 3.220 (.110) will be changed to reflect the new exemption for Class A beneficiaries passed by the 65th Legislature and to include examples illustrating the tax computation in several factual situations. In addition, it was decided simply to identify the appropriate class designation for various miscellaneous beneficiaries. This list will appear in subsection (a)(2). Subsection (b) discussing the tax computation for estates situated partly within and partly without Texas will be amended to conform to the comptroller's decision in Administrative Hearing 9897, which concerned the interpretation of Texas Taxation—General Annotated, Article 14.07. The tax imposed on that part of the estate subject to Texas inheritance tax is to be calculated with respect to each beneficiary's share of the total net estate wherever situated. To arrive at the actual amount of basic inheritance tax due, the tax computed on this share is then multiplied by the percentage that the Texas gross estate bears to the total gross estate. The present illustration of prorating debts appearing in §3.217(i) (.107(i)) will be deleted.

Section 3.221 (.111) dealing with the payment of tax, penalties, and interest will be changed to clarify the current policy of the Inheritance Tax Division in these areas. Moreover, the interest rate on delinquent taxes was increased by the 66th Legislature from 6.0% to 7.0% effective January 1, 1980. Subsection (f) dealing with refunds will be changed to incorporate the amendments to Texas Taxation—General Annotated, Article 1.11A, passed by the 66th Legislature. Finally, subsection (g) will be enlarged to explain additional methods to provide sufficient security to obtain release of the inheritance tax lien.

Section 3.222 (.112) will be retitled "Collection Action" and will be expanded to explain more fully the collection procedures invoked for delinquent estates. In particular, the circumstances triggering the issuance of a deficiency determination and the taxpayer's rights resulting therefrom will be clarified.

Section 3.223 (.113), Closing an Estate, will be changed to incorporate the procedure for closing an estate which has filed the new return (declaration of no tax due). In addition, the section will make clear that the issuance by the comptroller of either a receipt or a no tax due certificate, or the acceptance of a declaration of no tax due automatically releases the comptroller's lien on all assets of the estate. It is intended for this clarification to eliminate the many requests for a release of liens on estate property even after a receipt or certificate has been issued. Furthermore, the change should make clear that it is the issuance and not the recording of the receipt or certificate which effects a release of the statutory lien.

Proposed §3.224 (.114), Property of the Estate in Possession of Another, is new. It attempts to clarify the complexity of Texas Taxation—General Annotated, Article 14.21 and 14.22, regarding the responsibilities of persons or entities in possession of assets and papers of a decedent. In general, these statutes require that, prior to the delivery of any of the decedent's property, the delivering entity must give the comptroller notice of the intended transfer. There are exceptions to this general rule depending on whether or not a court order has been issued. Moreover, the statutory notice is not required where an agent, properly commissioned by the comptroller, timely files a report form after the delivery.

Section 3.214 (.115) is proposed as a new section. The terms "Texas gross estate" and "total gross estate," which are the measure of the inheritance tax and which terms appear on the various returns, are defined. "Texas gross estate" is defined to include not only the value of the decedent's property interests on the date of death, but also the value of transfers in contemplation of death as well as transfers taking effect at death. Excluded from the term are \$40,000 or less of qualifying life insurance proceeds, property exempt from inheritance taxation under Texas Taxation—General Annotated, Article 14.015, and property exempt from inheritance taxation under the provisions of other laws enumerated in §3.215(m) (.105(m)).

There are no significant fiscal implications expected from the proposed amendments (source: revenue estimating staff, Office of the Comptroller of Public Accounts).

Public comment on the proposal is invited. Comments should be submitted in writing to Robert T. Storey, director, Inheritance Tax Division, Drawer SS, Austin, Texas 78774.

(Editor's note: The text of the following rule proposed for repeal will not be published. The rule may be examined in the offices of the Comptroller of Public Accounts, LBJ State Office Building, Austin, or in the Texas Register Division offices, 503E Sam Houston Building, Austin.)

This repeal is proposed under the authority of Texas Taxation—General Annotated, Article 14.13(A).

§3.214 (026.02.14.104). *Assets Reportable: Article 14.00A, et seq.*

This proposal is made under the authority of Texas Taxation—General Annotated, Article 14.13(A).

§3.214 (026.02.14.115). *Definitions.*

(a) Texas gross estate.

(1) Subject to the exceptions contained in paragraph (3) and including the transfers listed in paragraph (2) below, the term "Texas gross estate" means the value of all of the following property to the extent of the decedent's interest therein on the date of death:

(A) real property located in Texas;

(B) tangible personal property with a situs in Texas; and

(C) intangible personal property:

(i) wherever located if the decedent was a resident of Texas on the date of death, or

(ii) within the jurisdiction of Texas if on the date of death the decedent was a resident of Nevada or a nonresident of the United States. If the decedent was a resident of a state other than Nevada, then the reciprocal provisions of that state's law must be consulted to determine the amount of intangible personal property included in the Texas gross estate. (See Texas Taxation—General Annotated, Article 14.01(C).)

(2) The term "Texas gross estate" also includes the value of any property described in (a)(1) above if:

(A) transferred in contemplation of death, within three years prior to the date of death, and without adequate valuable consideration (See §3.216(a) (.106(a)) of this title regarding transfers in contemplation of death,

(B) property exempt under Texas Taxation—General Annotated, Article 14.015(1), (4), or (5), and/or

(C) property exempt under the provisions of those laws listed in §3.215(m) (.105(m)) of this title.

(b) Total gross estate. Subject to the same exclusions set out in (a)(3) above, the term "total gross estate" means the value of all property wherever located to the extent of the decedent's interest therein on the date of death, including the value of all transfers listed in (a)(2) above. (Note: Even though some assets are excluded from taxation under the definition of "Texas gross estate" and "total gross estate," it will be necessary to disclose these assets on certain inheritance tax returns where required.)

(B) transferred or intended to take effect in possession or enjoyment after the death of the grantor or donor including property passing under a general power of appointment exercised by the decedent by will.

(3) The following property, although within the jurisdiction of Texas, is not included in the term "Texas gross estate":

(A) \$40,000 or less of life insurance proceeds which are receivable by any beneficiary of the policy, other than the estate or creditors of the estate (see §3.215(f)(2) (.105(f)(2) of this title) and/or

§3.215 (026.02.14.105). *Valuation (14.00A(c), 14.11): Article 14.11.*

(a) Market and assessed values: general.

(1) The inheritance tax is imposed upon the fair market value of taxable property.

(2) Fair market value means the price property would bring when offered for sale by one who desires but is not obligated to sell, if bought by one who desires to buy but is under no necessity of buying. Fair market value is not to be determined by a forced sale; it shall be determined assuming normal conditions in the market generally available to the public. Thus, in the case of property which is generally obtained by the public in the retail market, the value would reflect the normal retail sales price. For example, the market value of an automobile is the price for which an automobile of the same or approximately the same description, make, model, age, and condition could be purchased by a member of the local general public and not the price for which such automobile could be purchased by a dealer in used automobiles.

(3) Property is not to be reported at the value assessed for ad valorem tax purposes unless that value represents fair market value as of the applicable valuation date. Each item of property shall be reported and valued individually, except for interests in businesses which shall be valued in accordance with subsection (d) of this section. All relevant facts and elements of value as of the applicable valuation date should be considered. Detailed descriptions analyzing the valuation, along with any available appraisals, must be submitted. Appraisals should include a statement concerning the *qualifications*, [reputation,] skill, and experience of the appraiser with regard to the particular class of property involved. Valuation techniques used must be explained in detail. Values established by sales should include a statement regarding any *circumstances* [relationship between the parties] that would cause the sale not to be negotiated at arm's length. A buy-sell agreement may establish value for inheritance tax purposes depending on the circumstances such as the parties and [contract] provisions of the agreement.

(b) Valuation dates [; Articles 14.00A and 14.11].

(1) Property *must* [should] be valued as of *the date of death*, unless the personal representative [of the estate] elects the alternate valuation date under Article 14.11(B), *in which case* [. If the alternate date method is chosen,] the property must be valued as follows.

(A) Any property distributed, sold, exchanged, or otherwise disposed of within six months after the decedent's death must be valued on the date of such disposition.

(B) Property not distributed, sold, exchanged, or otherwise disposed of within six months after the decedent's death must be valued as of six months after the decedent's death.

(2) Method and effect of election. Article 14.11(B) permits a reduction in the amount of tax that would otherwise be payable due to a shrinkage in the aggregate value of the estate during the six months following the decedent's death. The alternate valuation method is not automatic but must be elected *by the personal representative on a timely filed inheritance tax return*. It may be elected whether or not there has been a shrinkage in the aggregate value of the estate. However, if the election is made, it applies to all property owned by the decedent and cannot be applied to only a portion of the property.

(3) Meaning of "distributed, sold, exchanged, or otherwise disposed of."

(A) The phrase "distributed, sold, exchanged, or otherwise disposed of" includes all possible ways by which the property ceases to form a part of the gross estate. For example, money on hand at the date of the decedent's death which is used in the payment of funeral expenses, or which is invested, falls within the term "otherwise disposed of." The term also includes the surrender of stock certificates for corporate assets in complete or partial liquidation of a corporation pursuant to Internal Revenue Code of 1954, Section 331. The term does not extend to transactions which are mere changes in form. Thus, it does not include an exchange of stock or securities in a corporation for stock or securities in the same corporation in a transaction such as a merger, recapitalization, reorganization, or other transaction to which no gain or loss would be recognizable for federal income tax purposes under Internal Revenue Code of 1954, Sections 368(a), 354, and 355.

(B) If a binding contract for the sale, exchange, or other disposition of property is entered into, the property is considered as sold, exchanged, or otherwise disposed of on the effective date of the contract unless the contract is not subsequently carried out substantially in accordance with its terms. The effective date of a contract is normally the date it is entered into unless the contract specifies a different effective date.

(4) Included property and excluded property. All property interests owned by the decedent at the date of death are referred to as "included property." Such property interests remain included property even though they may change in form or be disposed of in whole or in part during the alternate valuation period. "Excluded property" is that property which has been earned or has accrued since the date of death. Such property does not constitute a part of the decedent's taxable estate. Illustrations of "included property" and "excluded property" are:

(A) Interest-bearing obligations. Interest-bearing obligations, such as savings bonds, *certificates of deposit*, or notes receivable, comprise two separate elements of included property, the principal of the obligation itself, and interest accrued to the date of death. Each of these elements is to be separately valued and reported as of the applicable valuation date. Interest accrued after the date of death but before the subsequent valuation date constitutes excluded property.

Any payment of principal made during the alternate valuation period will be included property. Advance payments of interest for a period beyond the subsequent valuation date have the effect of reducing principal and are includable property.

(B) Leased property. The principles set forth in the preceding subparagraph concerning interest-bearing obligations also apply to property on which rent is received. Both the property itself and the rents accrued to the date of death constitute included property. Each is to be separately valued and reported as of the applicable valuation date. Any rent accrued after the date of death is excluded property. The principle applied to interest paid in advance is equally applicable to advance payments of rent.

(C) Noninterest-bearing obligations. Noninterest-bearing obligations bought at a discount will be valued at their outstanding principal value plus the discount amortized to the date of death to determine included property. The obligation itself is to be valued as of the subsequent valuation date without regard to any further increase in value due to amortized discount. The additional discount amortized during the alternate valuation period is the equivalent of interest accruing and is excluded property.

(D) Stock of a corporation. Shares of stock in a corporation and dividends declared but not paid on or before the date of the decedent's death constitute included property. Ordinary dividends out of earnings and profits (whether in cash, shares of the corporation, or other property) declared after the date of death are excluded property. However, if dividends are declared after the date of death so that the shares of stock at the subsequent valuation date do not reasonably represent the same included property as existed at the date of death, the dividends are included property, unless they are out of earnings of the corporation after the date of death. For example, if a corporation makes a distribution in partial liquidation to stockholders of record during the alternate valuation period which is not accompanied by a surrender of a stock certificate for cancellation, the amount of the distribution received on stock owned by the decedent is included property, except to the extent that the distribution was out of earnings and profits since the date of death. If a corporation in which the decedent owned a substantial interest and which possessed at the date of death accumulated earnings and profits equal to its paid-in capital and which distributed all of its accumulated earnings and profits as a cash dividend to shareholders of record during the alternate valuation period, the dividends received will be included property. Likewise, a stock dividend distributed under the described circumstances is included property.

(5) *Illustrations of this paragraph (4) may be found in Appendix I appearing at the end of this section.* Illustrations of included property and excluded property. The application of paragraph (4) of this subsection may be further illustrated by the following example, in which it is assumed that the decedent died on January 1, 1975.

| <u>Description</u> | <u>Subsequent Valuation Date</u> | <u>Alternate Value</u> | <u>Value at Date of Death</u> |
|---|----------------------------------|------------------------|-------------------------------|
| Bond, par-value \$1,000 bearing interest at 4% payable quarterly on Feb. 1, May 1, Aug. 1, and Nov. 1. Bond distributed to legatee on March 1, 1975..... | March 1, 1975 | \$ 1,000.00 | \$ 1,000.00 |
| Interest coupon of \$10 attached to bond and not cashed at date of death although due and payable Nov. 1, 1974. Cashed by executor on February 1, 1975..... | Feb. 1, 1975 | \$ 10.00 | \$ 10.00 |
| Interest accrued from Nov. 1, 1974 to Jan 1, 1975 collected on Feb. 1, 1975..... | Feb. 1, 1975 | \$ 6.67 | \$ 6.67 |
| Real estate, used for rental not disposed of within six months following death. Based on appraisal for July 1, 1975..... | July 1, 1975 | \$11,000.00 | \$12,000.00 |
| Rent due for quarter ending Nov. 1, 1974, but not collected until Feb. 1, 1975..... | Feb. 1, 1975 | \$ 300.00 | \$ 300.00 |
| Rent accrued for November and December, collected on Feb. 1, 1975..... | Feb. 1, 1975 | \$ 200.00 | \$ 200.00 |
| Common stock, X Corporation, 500 shares, not disposed of within six months following decedent's death..... | July 1, 1975 | \$47,500.00 | \$50,000.00 |
| Dividend of \$2 per share declared Dec. 10, 1974 and paid on Jan. 10, 1975 to holders of record on Dec. 30, 1974..... | Jan. 10, 1975 | \$ 1,000.00 | \$ 1,000.00] |

(5)(6) Mere lapse of time. Article 14.11(B)(3) provides that the value of any property interest is not to be affected by "mere lapse of time." Property interests which are affected by "mere lapse of time" include patents, estates for the life of a person other than the decedent, remainders, reversions, and similar properties. The application of this paragraph is illustrated as follows.

(A) Life estates, remainders, and similar interests. Life estates, remainders, and similar interests are to be valued by applying the methods prescribed in subsection (m) of this section using:

- (i) The age as of the date of death of each person whose life may affect the value of the interest, and
- (ii) The value of the property on the alternate date.

Illustrations of the valuation of life estates may be found in Appendix II appearing at the end of this section. [For example, assume that the decedent or his estate was entitled to receive property upon the death of his elder brother who was entitled to receive the income from the property for life. At the date of death, the property was worth \$50,000 and the

elder brother was 31 years old. The value of the decedent's remainder interest at the date of death would be \$6,941.50 ($\$50,000 \times .13883$). If, because of economic conditions, the property declined in value and was worth only \$40,000 six months after the date of death, the value of the remainder interest as of the alternate date would be \$5,553.20 ($\$40,000 \times .13883$) even though the elder brother would be 32 years old on the alternate date. (Use age on date of death.)

(B) Patents. To illustrate the alternate valuation of a patent, assume that the decedent owned a patent which on the date of death had an unexpired term of 10 years. Six months after the date of death, the patent (then having an unexpired term of only 9-1/2 years) was sold for \$60,000. The alternate value would be \$60,000 divided by 0.95 (proration of the remaining life of the patent at the date of the decedent's death) or \$63,157.89.

(C) Depreciation after date of death. Mere depreciation after the date of death shall not be considered for valuation purposes.

(c) Realty: Article 14.11].

(1) The methods used to determine fair market value shall be based on the nature and use of the property. Examples of appropriate methods include but are not limited to the following:

(A) the current cost of replacing a property less depreciation from deterioration and functional and economic obsolescence;

(B) the value which the property's net earning power will support based upon a capitalization of net income; and

(C) the value indicated by recent sale of comparable properties in a comparable market.

(2) Each method of valuation is a technique to estimate the price a willing buyer would pay to a willing seller, neither being under any compulsion to buy or to sell, and both having reasonable knowledge of relevant facts. The following subparagraphs (A)-(C) will illustrate the three main valuation techniques; (D) will consider the peculiarities of mineral interests; and (E) will deal with valuation evidence and reporting requirements.

(A) Replacement cost minus depreciation. This approach is relevant only for improved real estate. It assumes that replacement costs set the upper limit of value if the type of improvement is the best economic use of the land. The deficiencies or depreciation of the existing building are measured and subtracted from the replacement cost to arrive at an estimate of fair market value of the improvements. Land is valued separately.

(B) Capitalization of after-tax earnings potential. This method is relevant when the property's major function is to produce income. The estimate of fair market value is the capital base required to yield that amount of income. This shall be determined by the rate of return investors would demand of similar investments. For example: An apartment complex is expected to yield \$10,000 per year for its remaining life. Based on analysis of investment alternatives, it is determined that investors are currently demanding a yield rate of 9.0% for investments with similar risk, depreciation, and potential appreciation characteristics. An estimate of fair market value is: \$10,000 divided by .09, or \$111,111.11.

(C) Comparison of recent sales of comparable properties or market data analysis. This method is usually the most relevant and the most accurate. Recent comparable

sales in comparable markets shall be analyzed to determine the fair market value of the property being valued.

(D) Valuation of mineral interests.

(i) *Nonproducing minerals.* Valuation of nonproducing minerals usually requires the use of the market data approach. Evidence that may be considered when valuing nonproducing minerals includes the amount of development and exploration in the vicinity and geological reports as to structure, stratigraphy, and trends. Production or potential production evidence such as historical production, porosity, thickness, and number of pay zones may also be considered.

(ii) *Producing minerals.* Valuation where there has been production prior to the date of death is generally based upon an estimate of future dollar value of production discounted for time and risk. If the estate does not provide satisfactory evidence of value, such as a qualified appraisal, then the Inheritance Tax Division will use a five-year payout to determine the value of the mineral interest. The payout will be measured by the decedent's interest in the value of the average monthly production for one of the following periods:

(I) if there was production for the full 12 months prior to death or prior to the alternate valuation date, if elected, this period will be used,

(II) if there was not production for this full 12-month period but there was actual production prior to death or prior to the alternate valuation date, if elected, then this period of from one- to 11-months of actual production will be used.

[Valuation of nonproducing minerals usually requires the use of the market data approach. Valuation where there is production is generally based upon an estimate of future dollar value of production discounted for time and risk. Evidence that shall be considered when valuing nonproducing minerals includes the amount of development and exploration in the vicinity and geological reports as to structure, stratigraphy, and trends. Production or potential production evidence such as historical production, porosity, thickness, and number of pay zones shall be considered. In the absence of relevant evidence of value, a five-year payout based on the last 12 months prior to death will be used in determining the value of such mineral interest.]

(E) Valuation information. Complete descriptions and all appraisals for each property interest should be included with the return. The descriptions should include not only legal descriptions but also descriptions of direction and distance from prominent towns and highway intersections. Full descriptions of any road or water frontage should also be included. Appraisals should include the qualifications of the appraiser as well as a complete disclosure of his methods and basis for valuation.

(d) Businesses: corporations, partnerships, sole proprietorships: Article 14.11].

[(1) General.] There are basically four techniques used to determine a range of reasonable values of an interest in a business. These four methods, explained in detail below, are market data, liquidation, adjusted book value, and discounted present value of future benefits. Often all methods can be used in some weighted combination in order to produce a more precise estimate.

(1)(A) Market data. The market data approach is divided into two classes: first, where there exists an historical record of actual transactions in the stock or bonds of the business being valued, and second, where there are no transactions in the actual stock, *in which*. In the second case, an analogy must be constructed from transactions in stocks of comparable businesses.

(A)(B) Historical transactions available.

(i) When there are transactions in similar size blocks of stocks or bonds in a regulated market, such as the New York Stock Exchange, the American Stock Exchange, or NASDAQ (over the counter), the market value is the average between high and low prices on the valuation date.

(ii) Where such data is not available for the valuation date, data for a reasonable period before or after the valuation date may be used. The prices are to be weighted inversely by the respective number of trading days between selling dates and valuation date. *Examples using this method may be found in Appendix III appearing at the end of this section.*

(I) Example (1). Assume that the sales of X Company stock nearest the valuation date (Friday, June 15) occurred two trading days before (Wednesday, June 13) and three trading days after (Wednesday, June 20). On these days, the mean sale prices per share were \$10 and \$15, respectively. The price of \$12 is taken as representing the fair market value of a share of X Company common stock as of the valuation date. $(3 \times 10) \text{ plus } (2 \times 15) \text{ divided by } 5$.

(II) Example (2). Assume the same facts as in Example 1 except that the mean sale prices per share on June 13 and June 20 were \$15 and \$10, respectively. The price of \$13 is taken as representing the fair market value of a share of X Company stock as of the valuation date. $(3 \times 15) \text{ plus } (2 \times 10) \text{ divided by } 5$.

(III) Example (3). Assume the decedent died on Sunday, October 7. If sales of X Company common stock occurred on Friday, October 5, at mean sale prices per share of \$20 and on Monday, October 8, at mean sale price per share of \$23, the price of \$21.50 is taken as representing the fair market value of a share of X Company common stock as of the valuation date. $(1 \times 20) \text{ plus } (1 \times 23) \text{ divided by } 2$.

(IV) Example 4. Assume that on the valuation date (Tuesday, April 3, 1973) the closing selling price of a listed bond was \$25 and that the highest and lowest selling prices are not available in a listing or publication of general circulation containing transactions in a regulated market. Assume further that the closing selling price of the same listed bond was \$21 on the day before the valuation date (Monday, April 2, 1973). Thus, under subsection (b) the price of \$23 is taken as representing the fair market value per bond as of the valuation date. $(25 \text{ plus } 21) \text{ divided by } 2$.

(V) Example 5. Assume the same facts as in Example 4 except that there were no sales on the day before the valuation date. Assume further that there were sales on Thursday, March 29, 1973, and that the closing selling price on that day was \$23. The price of \$24.50 is taken as representing the fair market value per bond as of the valuation date. $(1 \times 23) \text{ plus } (3 \times 25) \text{ divided by } 4$.

(VI) Example 6. Assume that no bonds were traded on the valuation date (Friday, April 27). Assume further that sales of bonds nearest the valuation date occurred two trading days before (Wednesday, April 25, and Thursday, April 26) the valuation date and that on these two days the closing selling prices were \$29 and \$22, respectively.

The highest and lowest selling prices were not available from published sources or general circulation containing transactions in regulated markets. Thus, under subsection (b) the price of \$26.20 is taken as the fair market value of a bond as of the valuation date. $(3 \times 29) \text{ plus } (2 \times 22) \text{ divided by } 5$.

(iii) Blockage. When historical transactions differ materially in size from the block of stock being valued, "blockage" effects may be considered. The element of blockage is usually the basis for a discount claim but may result in an upward adjustment in value under certain circumstances. Discounts for blockage are generally claimed based on the contention that the block of the publicly traded stock or bond being valued is so large that offering it on the market at one time would depress the price. Such a contention shall be tested as follows:

(I) the average number of shares traded daily over a period before and after the valuation date shall be determined;

(II) the decedent's holdings will be compared with the average number of shares traded daily;

(III) if disposition can be made by the executor over a reasonable period of time without depressing the market, no discount for blockage will be allowed; and

(IV) if it can be determined that a penalty will be incurred when the offering is sold and such penalty cannot be reasonably avoided, a discount for blockage may be allowed.

(iv) Reverse blockage. This refers to the premium assigned to a block of equity interests that would transfer control if a business is sold. When control is transferred, it is generally more appropriate to use some form of earnings analysis or adjusted book value to determine the reasonable value range. Such range should be computed by more than one method to verify the validity of the range.

(B)(2) No historical transactions available.

(A) General. In a situation where there are no or few transactions in the actual interest being valued but there are historical transactions in interests of similar businesses, a comparison can be made. There is no absolute formula, but the basic approach shall be to establish a profile of the company being valued. Areas such as earnings record, growth rate, relative size, market position, and quality of management should be considered. This profile is then compared to companies where adequate market information is available. Costs of preparing the unlisted stock for listing must be factored into the valuation. This method is best used in coordination with other methods.

(2)(B) Liquidation value. The liquidation value method is appropriate where there is a bona fide commitment to dissolve a business and as the lower limit check on other valuation techniques. It requires a valuation of the individual assets and liabilities and a summation of the results.

(3)(C) Adjusted book value.

(A)(i) Adjusted book value method is appropriate in situations where the business is:

(i)(I) a holding company or member of a multitiered partnership,

(ii)(II) merely a receptacle to accumulate earnings, or

(iii)(III) only marginally profitable.

(B)(ii) The method requires adjustment of the business balance sheet to current value. The following areas usually require revaluation to reflect the true worth at the required valuation date.

(i)(I) Land. Land values should be adjusted to fair market value.

(ii)(II) Transactions with officers/stockholders. The validity of all transactions must be evidenced.

(iii)(III) Depreciation. Federal income tax law permits various types of accelerated depreciation and assigns estimated useful lives to assets. Investment tax credit is also determined in a manner that influences the determination of useful lives. These and similar bases affecting depreciation must be factored out.

(iv)(IV) Goodwill. The fact that goodwill generally arises on balance sheets only where there has been a purchase of another business does not preclude its existence in other situations. The existence of goodwill may be indicated to the degree earnings are in excess of a normal return on tangible assets for the industry. If a valuation of tangible assets is possible and the earnings history is available, goodwill can be determined by the following method. A percentage return on average annual value of the tangible assets used in a business is determined using a period of years (preferably not less than five) immediately prior to the valuation date. The amount of percentage return on tangible assets is then deducted from the average earnings of the business for such period. The remainder is considered to be the earnings from "Goodwill" or intangible assets. This amount is capitalized at an appropriate percentage, generally 15 to 20%, and the result is added to the valuation of tangible assets to arrive at a total value of the business. The rate of return on the tangible assets should be that percentage prevailing in the relevant industry; or, when the industry percentage is not available at a reasonable percentage, generally 8.0 to 10%. The 8.0% rate of return and 20% capitalization rate would be appropriate where the hazards of business are relatively high.

(v)(V) Inventory. Inventory value shall be scrutinized, particularly where financial statements do not carry inventory in the accounts at the lower of cost or market value.

(4)(D) Discounted present value of future earnings. The most commonly used technique for valuation of unlisted securities is the capitalization of adjusted earnings. This method requires:

(A)(i) an adjustment of historical earnings to reflect true earning power on valuation date,

(B)(ii) a determination of a capitalization rate appropriate for the particular industry on the valuation date, and

(C)(iii) a division of the earnings by the rate to derive a value for the business.

(i)(I) Earnings are adjusted for any distortions in the accounting system. Depreciation is determined as in the adjusted book value method. Inventory valuation and inventory flow method are particularly important, especially when changes from year to year are apparent. Transactions between related businesses or between principals should be carefully scrutinized for substance. Salaries, bonuses, and dividends are sensitive areas. Nonrecurring items of both profit and loss must be factored out. Earning trends may be extrapolated by multiple regression analysis, least squares, etc. If no trend in earnings is apparent or the history of earnings is cyclical, a simple average of recent years may be appropriate. Earnings shall also be adjusted for taxes.

(ii)(II) Determination of an appropriate capitalization rate is a critical judgment process because of the sensitivity of the final valuation to small changes in the rate. Simply stated, as the risk of the business goes up, so does the capitalization rate because a higher yield or return is demanded by investors in a risky business. As an example, a low-risk business would have a rate of return of .08, medium risk .10, and high risk .18. However, this varies with the economy and the mix of tangible assets to goodwill (recorded and unrecorded) within the business. An analysis of similar listed companies appropriately adjusted will guide the judgment process.

(iii)(III) Divide the earning power of the business by the appropriate discount rate and the result is an estimate of fair market value.

(e) Stocks and bonds: Article 14.11.

(1) Stocks, including most stock rights, are evidence of an equity or ownership interest in a corporation. When there is a market for these stocks or stock rights on a stock exchange, the value is to be established by application of the market data technique described in the preceding *subsection (d)(1)* [section]. Where there is no market or the market is not representative of true value, the other valuation principles will apply to value the business as a whole.

(2) The value of each individual stock is then its pro rata share or equity interest in the corporation's total value. For example: A decedent owned 400 shares of XYZ Corporation out of 1,000 shares which have been issued and are outstanding. The stock is closely held and not traded on any exchange. All other transfers have been for small numbers of shares, generally among relatives, and often as gifts. Because the market data approach to valuation is inapplicable, either the liquidation approach, adjusted book value approach, or discounted present value of future benefits approach must be used. In this case, the adjusted book value approach was considered the most appropriate and indicated a value of \$750,000 for the business. The value of the decedent's interest is then determined to be \$300,000 as follows: Number of shares owned (400) divided by number of shares issued and outstanding (1,000), multiplied by \$750,000 equals \$300,000.

(3) Bonds are evidence of a creditor interest in a corporation. When there is a valid market for these interests, the value is to be established by application of the fair market value.

(f) Insurance: Article 14.01.

(1) Insurance proceeds payable directly or indirectly to the estate *must be reported and do not qualify for the \$40,000 exemption provided in Texas Taxation—General Annotated, Article 14.01(A)(2)* [are taxable]. These proceeds shall include but not be limited to:

(A) Proceeds payable to a trustee *or to a named beneficiary* which may be used to pay estate or other taxes, or debts or charges which are enforceable against the estate.

(B) Proceeds from certain insurance and *annuity combinations* [annuities] that do not involve insurance risk.

(C) Proceeds from insurance made payable to a named beneficiary with no provision for an alternate beneficiary, when the named beneficiary predeceases the decedent.

(D) Proceeds receivable when a husband and wife die simultaneously. *Section 47(b), Texas Probate Code Annotated, provides that when a husband and wife die under circumstances where neither survives the other by*

120 hours, then proceeds of life or accident insurance which are community property and which become payable to the estate of either spouse shall be distributed one-half to the estate of the husband and one-half to the estate of the wife, unless a will provision or contractual agreement provides otherwise. An illustration of this subparagraph may be found in Appendix IV appearing at the end of this section. [When there is no direct evidence who died first, the insured shall be deemed to have survived the beneficiary. The proceeds are thus payable to the decedent's estate to the extent of a community one-half, while the remaining community interest goes to the surviving spouse's estate, unless a will clause or contractual agreement between the spouses explicitly states otherwise.]

(E) Proceeds from policies converted to annuities.

(F) Proceeds from credit life policies or mortgage insurance.

(2) [Cash surrender values from policies on the life of another are includable in the estate and are not entitled to the insurance exemption.] Insurance proceeds *receivable by any* [payable to specific] *beneficiary* [beneficiaries] *of the policy* other than the estate or creditors of the estate *must be reported* [are includable] but *do qualify for* [subject to] the \$40,000 exemption [as] provided *in* [by] Texas Taxation—General Annotated, Article 14.01(A)(2). These proceeds shall include but not be limited to:

(A) life and accident policies upon the life of the decedent made payable to a named beneficiary; *and*

(B) [insurance made payable to a named beneficiary directly or through a trustee where the proceeds may not be used to pay taxes or debts of the estate; and]

[(C)] the *full amount of* proceeds on National Service Life Insurance policies *whether or not* [to the extent of a community one-half when] purchase after the date of marriage [with community funds].

(3) *Cash surrender values from policies on the life of another are includable in the decedent's estate but do not qualify for the insurance exemption.*

(4)(3) Key man or similar insurance owned directly or indirectly by a business where the business received proceeds from the policy shall be considered an asset of the business and not [entitled to the \$40,000 exemption or] includable as insurance of the decedent.

(5)(4) *Only the proceeds of insurance policies are subject to the insurance exemption and must be reported as insurance either on Schedule D of the large estate return or on line 9 of the small estate return. Accumulated dividends and interest payable thereon, post mortem dividends, and returned premiums on insurance policies are not subject to the insurance exemption and must be reported as other miscellaneous property on either Schedule F of the large estate return or on line 13 of the small estate return. Debts secured by insurance should not be netted against the proceeds of the policy, but rather must be reported as debts of the decedent either on Schedule K of the large estate return or on line 21 of the small estate return (Texas Attorney General Opinion Number S-108 (1953)).* [Accumulated dividends (including interest payable thereon), post mortem dividends, and returned premiums on insurance policies are not insurance and are not subject to the insurance exemption. Such dividends and premiums are taxable to the full amount (Article 14.00, et seq.).]

(6) *If insurance proceeds are payable to more than one beneficiary, the \$40,000 exemption will be prorated according to each beneficiary's share of the total amount of proceeds included in the decedent's estate.*

(g) Transferred property [Article 14.11]. The value of an interest in transferred property includable in a decedent's gross estate under this subsection is the value of the interest as of the applicable valuation date. However, if the transferee has made improvements or additions to the property, any resulting enhancement in the value of the property is not considered in ascertaining the value of the taxable estate. Similarly, neither income received subsequent to the transfer nor property purchased with such income is considered part of the estate.

(h) Mortgages and notes [Article 14.11]. The fair market value of notes, secured or unsecured, and mortgages is presumed to be the amount of unpaid principal plus interest accrued to the date of death, unless the estate establishes that the value is lower. Interest shall be listed separately on the inheritance tax return. If a note or mortgage is not reported at face value plus accrued interest, satisfactory evidence must be submitted that the note is worth less than the unpaid amount (because of the interest rate, date of maturity, or other cause) or that the note is uncollectible, either in whole or in part (by reason of the insolvency of the party or parties liable, or for other cause), and that any property pledged or mortgaged as security is insufficient to satisfy the obligation.

(i) Government securities and notes redeemable at par [Article 14.11]. Any bonds of the United States, savings notes, or other obligations, which upon the death of the decedent constitute a part of the estate and which may be and are received by the United States at par and accrued interest in payment of estate taxes or any other tax liability imposed by the United States, shall, for Texas inheritance tax purposes, be valued at the amount used in payment of any such federal tax. Government securities and notes not redeemed at par are valued at their fair market value.

(j) Cash on hand or on deposit [Article 14.11].

(1) Cash includes monies left by the decedent at the time of death, regardless of location, whether in this state or outside, whether in his immediate possession, standing to his credit, or in which he had any right, title, claim, or interest, including certificates of deposit, savings accounts, and other accounts held:

(A) with spouse,

(B) in decedent's name, or

(C) in spouse's name unless the separate property of such spouse.

(2) No deduction shall be allowed for the loss of accrued interest or penalty incurred for an untimely withdrawal from any deposit account, *such as savings accounts or certificates of deposit*, unless such withdrawal is required for the payment of inheritance tax, estate taxes, or allowable debts of the estate.

(3) Deposits held in joint tenancy (including right of survivorship) are taxable to the extent of the amount attributable to the decedent's contribution. Bank account balances are reported as of the date of death and outstanding checks given in discharge of legal obligations of the decedent incurred for an adequate and full consideration must be deducted on Schedule K.

(k) Jointly owned property [Article 14.01 and Article 14.011].

(1) The decedent's gross estate includes property held jointly at the time of the decedent's death by the decedent and another person or persons. The property to be included is valued to the extent:

(A) contributed to the tenancy by the decedent, less any consideration from the other tenants received by or accruing to the benefit of the decedent; or

(B) received by the tenancy by gift from a person other than a tenant and attributable to the decedent.

(2) The value of a joint tenancy received by gift from a person other than a tenant is attributable to the tenant for whom the gift was intended by the donor at the time of the gift, or if there is no evidence of the intent of the donor, it is presumed that the gift was to all tenants equally.

(3) Although the survivor of a right of survivorship contract takes the entire interest in the property by right of survivorship and no interest may form a part of the decedent's estate for purposes of probate administration, the decedent's share shall be included in the gross estate for inheritance tax purposes.

(4) An asset held jointly, in the absence of an expressed agreement that it is jointly held with right of survivorship, does not pass by contract for inheritance tax purposes.

(5) Property owned by the decedent as a tenant in common is not considered as jointly owned with right of survivorship.

(6) Community property held by the decedent and spouse shall be reported as real property or personal property because a husband and wife cannot create a joint tenancy with the right of survivorship out of community funds without first reducing those funds to their separate estates by statutory partition. Where a decedent used the spouse's separate funds, with the knowledge and consent of the spouse, to purchase an asset which is issued in the spouses' names as joint tenants with right of survivorship, one-half interest becomes vested at the time of the creation of the joint tenancy subject to being divested. Therefore, one-half interest is subject to inheritance taxes upon the death of either spouse.

(7) A joint tenancy with the expressed right of survivorship established by the decedent with a third person, not a spouse, whether with separate or community funds with the knowledge of the spouse is a valid contract.

(1) Powers of appointment: [Article 14.01].

(1) Powers of appointment are either general or special. A power of appointment is general when the donee has the power to pass on an interest in the property to whomever he pleases, including himself or his estate. A power of appointment is special or limited when the donee is authorized to appoint interests in the property only to specified objects or classes of objects. The persons, corporations, or charitable entities to or among which the donee may appoint the property are known as the objects of the power.

(2) Under a general power of appointment, the donee is charged with the property as though he had received it in fee simple; however, if the donee does not exercise his power to appoint the property by will before his death, the property

passes under the will of the donor and is not reported as an asset in the donee's estate. If an asset is not included in a donee's estate by reason of the donee's failure to exercise a power to appoint, no deduction for property previously taxed is allowable on such excluded property.

(3) Generally, under a special or limited power of appointment, the donee is not taxed on the property but the value of such interest is taxed to the takers in default.

(A) Example of a general power of appointment: Upon the death of my wife, any undistributed income and the principal of the trust shall be paid over to such person or persons (including my wife's estate, creditor, or creditors of her estate) in such amounts and manner as my wife may appoint by will.

(B) Example of a special or limited power of appointment: Upon the death of my wife, any undistributed income and the principal of the trust shall be paid to such of my issue and spouses of my issue as she shall appoint by will, and if she shall make no effective appointment, then in equal shares to my children.

(4) The taxpayer shall be required to furnish the following:

(A) the full name of the donor,

(B) the description of the property received,

(C) value of the property at date of death or, if used, the alternate valuation date,

(D) category of power of appointment received (general or special), and

(E) a statement of whether or not the power of appointment was exercised at any time by will or otherwise.

(m) Annuities: [Article 14.11].

(1) Definition. An annuity is a series of periodic payments of a fixed amount at regular intervals. The annuity may last for a certain number of years or for the life of a specific person.

(2) Exceptions. The values of all annuities or other payments receivable under any plan or agreement because of the death of the decedent are includable property subject to inheritance tax except for the following:

(A) any benefits accruing under the Texas State Teacher Retirement System [Plan, Texas Revised Civil Statutes Annotated, Article 2922, Section 1.07 (1960)] *are exempt by virtue of Texas Education Code, Section 3.07 (benefits elected under the Optional Retirement System Program, Subchapter G of Subtitle A of Title 3 of the Texas Education Code, are not within the scope of this exemption)*;

(B) any benefits accruing under the Texas State Employees Retirement System, Texas Revised Civil Statutes Annotated, Article 6228a, Section 9 [(1960)];

(C) any benefits accruing under the Texas Judicial Retirement System, Texas Revised Civil Statutes Annotated, Article 6228(b), *Section 8B* [(1960)]; [or]

(D) the value of an annuity or other payment received by any beneficiary (other than a personal representative of the decedent) to the extent that it qualifies for exemption from the federal estate tax under subsections (c), (d), or (e), of Section 2039 of the Internal Revenue Code of 1954, as now or hereafter amended; [.]

(E) *any benefits accruing under the Railroad Retirement Act of 1974, 45 United States Code, Section 231 et seq.; or*

(F) *any benefits accruing under the Texas County and District Retirement System, Texas Revised Civil Statutes Annotated, Article 6228g, Section 12(3).*

(3) Servicemen's survivorship annuities. In estates of servicemen dying after December 31, 1965, the gross estate does not include the value of annuities for a surviving spouse or certain child beneficiaries under the Retired Ser-

viceman's Family Protection Plan, 10 United States Code, Section 1431 et seq., except to the extent of amounts deposited by a retired member. The Retired Serviceman's Family Protection Plan is continued under the Survivor Benefit Plan, 10 United States Code, Section 1447 et seq., for servicemen dying on or after September 21, 1972; however, no provision exists for retired servicemen to make deposits to the survivor benefit plan and it is therefore exempt in its entirety. Dependency and indemnity compensation paid in lieu of the survivor benefit plan is also exempt.

(4) Civil service annuities.

(A) If an estate is required to file a federal estate tax return, then it will be necessary to acquire certain information for the purpose of valuing a civil service annuity. This information is obtained by writing the United States Office of Personnel Management, Bureau of Retirement, Insurance, and Occupational Health, Washington, D.C. 20415. The data provided by the Office of Personnel Management must then be forwarded to the Internal Revenue Service for calculation of the annuity value at the following address: assistant commissioner (technical), Estate and Gift Tax Branch (T:IEG), 1111 Constitution Avenue, Washington, D.C. 20224. This value, when received by the estate, is then reported on Schedule I of the large estate return.

(B) If an estate is not required to file a federal estate tax return or if the personal representative elects not to have the value of the annuity calculated by the In-

ternal Revenue Service, then the personal representative may choose to value the annuity by use of the tables appearing in Appendix V at the end of this section.

(5)(4) Texas Municipal Retirement System.

(A) The retirement plans of cities and municipalities participating in the Texas Municipal Retirement System are exempt from inheritance tax under Texas Revised Civil Statutes Annotated, Article 6243h (1970).

(B) Cities and municipalities which do not participate in the Texas Municipal Retirement System but whose plans qualify for exemption under Internal Revenue Code of 1954, Section 2039(c), (d), or (e), are exempt to the extent of its provisions.

(C) The retirement plans of cities and municipalities that do not participate in the Texas Municipal Retirement System and are not qualified under Internal Revenue Code of 1954, Section 2039(c), (d), or (e), are subject to state inheritance tax.

(6)(5) [Tables.] The value used for inheritance tax purposes shall be the present value of the annuity received as calculated by reference to the tables and examples appearing in Appendix V at the end of this section [application of the tables on the following pages].

(A) Valuation of life estates, annuities, and remainders. The value of estates for years, estates for life, remainders, and annuities, created under a will or trust, shall be determined by use of Table A(1), Table A(2), and Table B as shown on the following pages:

TABLE A(1)

TABLE, SINGLE LIFE MALE, 6 PERCENT, SHOWING THE PRESENT WORTH OF AN ANNUITY, OF A LIFE INTEREST, AND OF A REMAINDER INTEREST

| (1) Age | (2) Annuity | (3) Life Estate | (4) Remainder | (1) Age | (2) Annuity | (3) Life Estate | (4) Remainder |
|------------|----------------|--------------------|------------------|------------|----------------|--------------------|------------------|
| 0 | 15.6175 | 0.93705 | 0.06295 | 55 | 10.2960 | .61776 | .38224 |
| 1 | 16.0362 | .96217 | .03783 | 56 | 10.0777 | .60466 | .39534 |
| 2 | 16.0283 | .96170 | .03830 | 57 | 9.8552 | .59131 | .40869 |
| 3 | 16.0089 | .96053 | .03947 | 58 | 9.6287 | .57778 | .42222 |
| 4 | 15.9841 | .95905 | .04095 | 59 | 9.4028 | .56417 | .43583 |
| 5 | 15.9553 | .95732 | .04268 | 60 | 9.1753 | .55052 | .44048 |
| 6 | 15.9233 | .95540 | .04460 | 61 | 8.8478 | .53687 | .48313 |
| 7 | 15.8885 | .95331 | .04669 | 62 | 8.7202 | .52321 | .47679 |
| 8 | 15.8508 | .95105 | .04895 | 63 | 8.4824 | .50954 | .49046 |
| 9 | 15.8101 | .94861 | .05139 | 64 | 8.2642 | .49585 | .50415 |
| 10 | 15.7663 | .94598 | .05402 | 65 | 8.0353 | .48212 | .51788 |
| 11 | 15.7194 | .94316 | .05684 | 66 | 7.8060 | .46836 | .53164 |
| 12 | 15.6698 | .94019 | .05981 | 67 | 7.5763 | .45458 | .54542 |
| 13 | 15.6180 | .93708 | .06292 | 68 | 7.3462 | .44077 | .55923 |
| 14 | 15.5651 | .93391 | .06609 | 69 | 7.1149 | .42689 | .57311 |
| 15 | 15.5115 | .93069 | .06931 | 70 | 6.8823 | .41294 | .58706 |
| 16 | 15.4576 | .92746 | .07254 | 71 | 6.6481 | .39889 | .60111 |
| 17 | 15.4031 | .92419 | .07581 | 72 | 6.4123 | .38474 | .61526 |
| 18 | 15.3481 | .92089 | .07911 | 73 | 6.1752 | .37051 | .62949 |

| | | | | | | | |
|----|---------|--------|--------|-----|--------|--------|--------|
| 19 | 15.2918 | .91751 | .08249 | 74 | 5.9373 | .35624 | .64376 |
| 20 | 15.2339 | .91403 | .08597 | 75 | 5.6990 | .34194 | .65806 |
| 21 | 15.1744 | .91046 | .08954 | 76 | 5.4602 | .32761 | .67239 |
| 22 | 15.1130 | .09678 | .09322 | 77 | 5.2211 | .31327 | .68673 |
| 23 | 15.0487 | .90292 | .09708 | 78 | 4.9825 | .29895 | .70105 |
| 24 | 14.9807 | .89884 | .10116 | 79 | 4.7469 | .28481 | .71519 |
| 25 | 14.9075 | .89445 | .10555 | 80 | 4.5164 | .27098 | .72902 |
| 26 | 14.8287 | .88972 | .11028 | 81 | 4.2955 | .25773 | .74227 |
| 27 | 14.7442 | .88465 | .11535 | 82 | 4.0879 | .24527 | .75473 |
| 28 | 14.6542 | .87925 | .12075 | 83 | 3.8924 | .23354 | .76646 |
| 29 | 14.5588 | .87353 | .12647 | 84 | 3.7029 | .22217 | .77783 |
| 30 | 14.4534 | .86750 | .13250 | 85 | 3.5117 | .21070 | .78930 |
| 31 | 14.3528 | .86117 | .13883 | 86 | 3.3259 | .19955 | .80045 |
| 32 | 14.2418 | .85451 | .14549 | 87 | 3.1450 | .18870 | .81130 |
| 33 | 14.1254 | .94752 | .15248 | 88 | 2.9703 | .17822 | .82178 |
| 34 | 14.0034 | .84020 | .15980 | 89 | 2.8052 | .16831 | .83169 |
| 35 | 13.8758 | .83255 | .16745 | 90 | 2.6536 | .15922 | .84078 |
| 36 | 13.7425 | .82455 | .17545 | 91 | 2.5162 | .15097 | .84903 |
| 37 | 13.6036 | .81622 | .18378 | 92 | 1.3917 | .14350 | .85650 |
| 38 | 13.4591 | .80755 | .19245 | 93 | 2.2801 | .13681 | .86319 |
| 39 | 13.3090 | .79854 | .20146 | 94 | 2.1802 | .13081 | .86919 |
| 40 | 13.1538 | .78923 | .21077 | 95 | 2.0891 | .12535 | .87465 |
| 41 | 12.9934 | .77960 | .22040 | 96 | 1.9997 | .11998 | .88002 |
| 42 | 12.8279 | .76967 | .23033 | 97 | 1.9145 | .11487 | .88513 |
| 43 | 12.6574 | .75944 | .24056 | 98 | 1.8331 | .10999 | .89001 |
| 44 | 12.4819 | .74891 | .25109 | 99 | 1.7554 | .10532 | .89468 |
| 45 | 12.3013 | .73808 | .26192 | 100 | 1.6812 | .10087 | .89913 |
| 46 | 12.1158 | .72695 | .27305 | 101 | 1.6101 | .09661 | .90339 |
| 47 | 11.9253 | .71552 | .28448 | 102 | 1.5416 | .09250 | .90750 |
| 48 | 11.7308 | .70385 | .29615 | 103 | 1.4744 | .08846 | .91154 |
| 49 | 11.5330 | .69198 | .30802 | 104 | 1.4065 | .08439 | .91561 |
| 50 | 11.3329 | .67997 | .32003 | 105 | 1.3334 | .08000 | .92000 |
| 51 | 11.1308 | .66785 | .33215 | 106 | 1.2452 | .07471 | .92529 |
| 52 | 10.9267 | .65560 | .34440 | 107 | 1.1195 | .06718 | .93282 |
| 53 | 10.7200 | .64320 | .35680 | 108 | .9043 | .05426 | .94574 |
| 54 | 10.5100 | .63060 | .36940 | 109 | .4717 | .82830 | .97170 |

TABLE A(2)

TABLE, SINGLE LIFE FEMALE 6 PERCENT SHOWING THE PRESENT WORTH OF AN ANNUITY, OF A LIFE INTEREST, AND OF A REMAINDER INTEREST

| (1) Age | (2) Annuity | (3) Life Estate | (4) Remainder | (1) Age | (2) Annuity | (3) Life Estate | (4) Remainder |
|------------|----------------|--------------------|------------------|------------|----------------|--------------------|------------------|
| 0 | 15.8972 | 0.95383 | 0.04617 | 55 | 11.6432 | .69859 | .30141 |
| 1 | 16.2284 | .97370 | .02630 | 58 | 11.4353 | .68612 | .31388 |
| 2 | 16.2287 | .97372 | .02628 | 57 | 11.2200 | .67320 | .32680 |

| | | | | | | | |
|----|---------|--------|--------|-----|---------|--------|--------|
| 3 | 16.2180 | .97308 | .02692 | 58 | 10.9980 | .65988 | .34012 |
| 4 | 16.2029 | .97217 | .02783 | 59 | 10.7703 | .64622 | .35378 |
| 5 | 16.1850 | .97110 | .02890 | 60 | 10.5376 | .63226 | .36774 |
| 6 | 16.1648 | .96989 | .03011 | 61 | 10.3005 | .61803 | .38197 |
| 7 | 16.1421 | .96853 | .03147 | 62 | 10.0587 | .60352 | .39648 |
| 8 | 16.1172 | .96703 | .03297 | 63 | 9.8118 | .58871 | .41129 |
| 9 | 16.0901 | .96541 | .03459 | 64 | 9.5582 | .57355 | .42645 |
| 10 | 16.0608 | .96365 | .03635 | 65 | 9.3005 | .55803 | .44197 |
| 11 | 16.0293 | .96176 | .03824 | 66 | 9.0352 | .54211 | .45789 |
| 12 | 15.9958 | .95975 | .04025 | 67 | 8.7639 | .52583 | .47417 |
| 13 | 16.9607 | .95764 | .04236 | 68 | 8.4874 | .50924 | .49076 |
| 14 | 15.9239 | .95543 | .04457 | 69 | 8.2068 | .49241 | .50759 |
| 15 | 15.8856 | .95314 | .04686 | 70 | 7.9234 | .47540 | .52460 |
| 16 | 15.8460 | .95076 | .04924 | 71 | 7.6731 | .45823 | .54177 |
| 17 | 15.8048 | .94829 | .05171 | 72 | 7.3480 | .44089 | .55912 |
| 18 | 15.7620 | .94572 | .05428 | 73 | 7.0568 | .42341 | .57669 |
| 19 | 15.7172 | .94303 | .05697 | 74 | 6.7645 | .40587 | .59413 |
| 20 | 15.6701 | .94021 | .05979 | 75 | 6.4721 | .38833 | .61187 |
| 21 | 15.6207 | .93724 | .06276 | 76 | 6.1788 | .37073 | .62927 |
| 22 | 15.5687 | .93412 | .06588 | 77 | 5.8945 | .35307 | .64693 |
| 23 | 15.5141 | .93085 | .06915 | 78 | 5.5910 | .33546 | .66454 |
| 24 | 15.4565 | .92739 | .07261 | 79 | 5.3018 | .31811 | .68189 |
| 25 | 15.3959 | .92375 | .07625 | 80 | 5.0195 | .30017 | .69883 |
| 26 | 15.3322 | .91993 | .08007 | 81 | 4.7482 | .28489 | .71511 |
| 27 | 15.2652 | .91591 | .08409 | 82 | 4.4892 | .26935 | .73089 |
| 28 | 15.1946 | .91168 | .08832 | 83 | 4.2398 | .25439 | .74581 |
| 29 | 15.1208 | .90725 | .09275 | 84 | 3.9927 | .23958 | .76044 |
| 30 | 15.0432 | .90259 | .09741 | 85 | 3.7401 | .22441 | .77559 |
| 31 | 14.9622 | .89773 | .10227 | 86 | 3.5016 | .21010 | .78990 |
| 32 | 14.8775 | .89265 | .10735 | 87 | 3.2790 | .19674 | .80328 |
| 33 | 14.7888 | .88733 | .11267 | 88 | 3.0719 | .18431 | .81569 |
| 34 | 14.6960 | .88176 | .11824 | 89 | 2.8808 | .17285 | .82715 |
| 35 | 14.5889 | .87593 | .12407 | 90 | 2.7068 | .16241 | .83759 |
| 36 | 14.4975 | .86985 | .13015 | 91 | 2.5502 | .15301 | .84699 |
| 37 | 14.3915 | .86349 | .13651 | 92 | 2.4116 | .14470 | .85530 |
| 38 | 14.2811 | .85687 | .14313 | 93 | 2.2901 | .13741 | .86259 |
| 39 | 14.1663 | .84998 | .15002 | 94 | 2.1838 | .13103 | .86997 |
| 40 | 14.0468 | .84281 | .15719 | 95 | 2.0891 | .12535 | .87465 |
| 41 | 13.9227 | .83536 | .16464 | 96 | 1.9997 | .11998 | .88002 |
| 42 | 13.7940 | .82764 | .17236 | 97 | 1.9145 | .11487 | .88513 |
| 43 | 13.6604 | .81962 | .18038 | 98 | 1.8331 | .10999 | .89001 |
| 44 | 13.5219 | .81131 | .18869 | 99 | 1.7554 | .10532 | .89468 |
| 45 | 13.3781 | .80269 | .19731 | 100 | 1.6812 | .10087 | .89913 |
| 46 | 13.2290 | .79374 | .20626 | 101 | 1.6101 | .09661 | .90339 |
| 47 | 13.0746 | .78448 | .21552 | 102 | 1.5416 | .09250 | .90750 |
| 48 | 12.9147 | .77488 | .22512 | 103 | 1.4744 | .08846 | .91154 |
| 49 | 12.7496 | .76498 | .23502 | 104 | 1.4065 | .08439 | .92561 |
| 50 | 12.5793 | .75476 | .24524 | 105 | 1.3334 | .08000 | .92000 |
| 51 | 12.4039 | .74423 | .25577 | 106 | 1.2452 | .07471 | .92529 |
| 52 | 12.2232 | .73339 | .26661 | 107 | 1.1196 | .06718 | .93281 |
| 53 | 12.0367 | .72220 | .27780 | 108 | .9043 | .05426 | .94581 |
| 54 | 11.8436 | .71062 | .28938 | 109 | .4717 | .02830 | .97170 |

TABLE B

TABLE SHOWING THE PRESENT WORTH AT 6 PERCENT OF AN ANNUITY FOR A TERM CERTAIN,
 OF AN INTEREST FOR A TERM CERTAIN, AND OF REMAINDER
 INTEREST POSTPONED FOR A TERM CERTAIN

| (1) Number of Years | (2) Annuity | (3) Term Certain | (4) Remainder | (1) Number of Years | (2) Annuity | (3) Term Certain | (4) Remainder |
|---------------------------|----------------|------------------------|------------------|---------------------------|----------------|------------------------|------------------|
| 1 | 0.9434 | 0.056604 | 0.943396 | 31 | 13.9291 | .835745 | .164255 |
| 2 | 1.8334 | .110004 | .889996 | 32 | 14.0840 | .845043 | .154957 |
| 3 | 2.6730 | .160381 | .839619 | 33 | 14.2302 | .853814 | .146188 |
| 4 | 3.4651 | .207906 | .792094 | 34 | 14.3681 | .862088 | .137912 |
| 5 | 4.2124 | .252742 | .747258 | 35 | 14.4982 | .869895 | .130105 |
| 6 | 4.9173 | .495039 | .704961 | 36 | 14.6210 | .877259 | .122741 |
| 7 | 5.5824 | .334943 | .665057 | 37 | 14.7368 | .884207 | .115793 |
| 8 | 6.2098 | .372588 | .627412 | 38 | 14.8460 | .890761 | .109239 |
| 9 | 6.8017 | .408102 | .591898 | 39 | 14.9491 | .896944 | .103056 |
| 10 | 7.3601 | .441605 | .558395 | 40 | 15.0463 | .902778 | .097222 |
| 11 | 7.8869 | .473212 | .526788 | 41 | 15.1380 | .908281 | .091719 |
| 12 | 8.3838 | .503031 | .496969 | 42 | 15.2245 | .913473 | .086527 |
| 13 | 8.8527 | .531161 | .468839 | 43 | 15.3062 | .918370 | .081630 |
| 14 | 9.2950 | .557699 | .442301 | 44 | 15.3832 | .922991 | .077009 |
| 15 | 9.7122 | .582735 | .417265 | 45 | 15.4558 | .927350 | .072650 |
| 16 | 10.1059 | .606354 | .393646 | 46 | 15.5244 | .931462 | .068538 |
| 17 | 10.4773 | .628636 | .371364 | 47 | 15.5990 | .935342 | .064658 |
| 18 | 10.8276 | .649656 | .350344 | 48 | 15.6500 | .939002 | .060998 |
| 19 | 11.1581 | .669487 | .330513 | 49 | 15.7076 | .942454 | .057546 |
| 20 | 11.4699 | .688195 | .311805 | 50 | 15.7619 | .945712 | .054288 |
| 21 | 11.7641 | .705845 | .294155 | 51 | 15.8131 | .948785 | .051215 |
| 22 | 12.0416 | .722495 | .277505 | 52 | 15.8614 | .951684 | .048316 |
| 23 | 12.3034 | .738203 | .261797 | 53 | 15.9070 | .954418 | .045582 |
| 24 | 12.5504 | .753021 | .246979 | 54 | 15.9500 | .956999 | .043001 |
| 25 | 12.7834 | .767001 | .232999 | 55 | 15.9905 | .959433 | .040567 |
| 26 | 13.0032 | .780190 | .219810 | 56 | 16.0288 | .961729 | .038271 |
| 27 | 13.2105 | .792632 | .207368 | 57 | 16.0649 | .963895 | .036105 |
| 28 | 13.4062 | .804370 | .195630 | 58 | 16.0990 | .965939 | .034061 |
| 29 | 13.5907 | .815443 | .184557 | 59 | 16.1311 | .967867 | .032133 |
| 30 | 13.7648 | .825890 | .174110 | 60 | 16.1614 | .969686 | .030314 |

(B) If an annuity is payable at the end of semiannual, quarterly, monthly, or weekly periods during the life of an individual or for a definite number of years, the aggregate amount to be paid within a year is first multiplied by the figure in column 2 of Table A(1) or A(2) or B, whichever is appropriate, opposite the number of years in column 1. The product so obtained is then multiplied by whichever of the following factors is appropriate:

- (i) 1.0148 for semiannual payments,
- (ii) 1.0222 for quarterly payments,
- (iii) 1.0272 for monthly payments,
- (iv) 1.0291 for weekly payments.

(C) Use of the preceding tables is illustrated by the following examples.

(i) Example 1. A, a male, age 40 years, eight months, received under his father's will \$10,000 a year payable annually during the lifetime of A. By reference to Table A(1), the figure in column 2 opposite 41 years is 12.9934. The present value of the annuity at the date of the father's death is \$129,934 ($\$10,000 \times 12.9934$).

(ii) Example 2. A, a female, age 60 years, four months, received under the will of a sister a life estate in property valued at \$150,000 with a remainder at the death of A to B. By reference to Table A(2), the figure in column 3 opposite 60 years is .63226. The present value of the life estate of A at the sister's date of death is \$94,839 ($\$150,000 \times .63226$). The figure in column 4 of Table A(2) opposite 60 years is .36774. Therefore, the present value of the remainder interest passing to B is \$55,161 ($\$150,000 \times .36774$).

(iii) Example 3. A leaves to B an annuity of \$12,000 a year payable monthly for a term certain of 10 years. By reference to table B, the figure in column 2 opposite 10 years is 7.3601. The aggregate annual amount, \$12,000, is multiplied by the factor 7.3601 and this product is then multiplied by the factor 1.0272 (factor for monthly payments). The present value of the annuity is, therefore, \$90,723.54 ($\$12,000 \times 7.3601 \times 1.0272$).

(n) Household and personal effects: Article 14.111.

(1) General. Household and personal effects with values in excess of \$1,000 should be adequately described and valued individually. Items of lesser value may be grouped together if a sufficient description is provided. Adequate descriptions should include at least:

(A) in the case of books or sets of books with artistic or collectors value, the edition, author, title;

(B) in the case of paintings, the size, subject, and artist's name;

(C) in the case of oriental rugs, the size, class, estimated age, and condition;

(D) in the case of silverware, weight in troy ounces, patterns, age, condition, and style;

(E) in the case of coin collections, the condition, dates, and types; and

(F) in the case of a collection of any article with value above bare utility value, the condition, origin, age, and size.

(2) Special rules [rule].

(A) Where estate representatives must file a federal estate tax return, copies of all appraisals, descriptions, and statements required by federal regulations shall be submitted. This includes the appraisal by an expert under oath of articles having a marked artistic or intrinsic worth of total value in excess of \$3,000 (e.g., jewelry, furs, silverware, paintings, engravings, antiques, books, statuary, vases, oriental rugs, coin or stamp collections). [Also included should be a written statement of the executor containing a declaration that is made under the penalties of perjury as to the completion of the itemized list of such property and as to the disinterested character and the qualifications of the appraiser.]

(B) If it is necessary to distribute or sell any portion of the household or personal effects of the decedent before the due date of the inheritance tax return, the estate representative must timely provide the Inheritance Tax Division with a full description of each item transferred, including the date of transfer, the fair market value if distributed, or the sales price if sold. [In advance of any investigation by an officer of the comptroller, information to that effect must be given to the Inheritance Tax Division. The statement shall be accompanied by an appraisal under oath and by a written statement of the executor (containing a declaration that the statement was made under the penalties of perjury) regarding the completeness of the list of such property and the qualifications of the appraiser, as heretofore described.]

(o) Livestock and other animals: Article 14.111. Animals should be valued in relation to their potential use. Therefore, due consideration shall be given to whether the animal is or may be used for food, breeding, or recreation. Additionally, the grade, quality, and age shall also affect value. Descriptions of all animals shall include at least breed, age, condition, and size.

(p) Charitable remainder trusts and pooled income funds: Article 14.11. The market value of property transferred into pooled income funds and charitable remainder trusts shall be determined in accordance with U.S. Internal Revenue Code, Sections 642 and 664, and their attendant federal regulations.]

APPENDIX I

ILLUSTRATIONS OF INCLUDED AND EXCLUDED PROPERTY

THE FOLLOWING EXAMPLE ASSUMES THE DECEDENT DIED ON JANUARY 1, 1975:

| <u>DESCRIPTION</u> | <u>SUBSEQUENT VALUATION DATE</u> | <u>ALTERNATE VALUE</u> | <u>VALUE AT DATE OF DEATH</u> |
|---|--|----------------------------|---------------------------------------|
| BOND, PAR VALUE \$1,000 BEARING INTEREST AT 4% PAYABLE QUARTERLY ON FEB. 1, MAY 1, AUG. 1, AND NOV. 1. BOND DISTRIBUTED TO LEGATEE ON MARCH 1, 1975..... | MARCH 1, 1975 | \$ 1,000.00 | \$ 1,000.00 |
| INTEREST COUPON OF \$10 ATTACHED TO BOND AND NOT CASHED AT DATE OF DEATH ALTHOUGH DUE AND PAYABLE NOV. 1, 1974. CASHED BY EXECUTOR ON FEBRUARY 1, 1975..... | FEB. 1, 1975 | \$ 10.00 | \$ 10.00 |
| INTEREST ACCRUED FROM NOV. 1, 1974 TO JAN. 1, 1975 COLLECTED ON FEB. 1, 1975..... | FEB. 1, 1975 | \$ 6.67 | \$ 6.67 |
| REAL ESTATE, USED FOR RENTAL NOT DISPOSED OF WITHIN SIX MONTHS FOLLOWING DEATH, BASED ON APPRAISAL FOR JULY 1, 1975..... | JULY 1, 1975 | \$11,000.00 | \$12,000.00 |
| RENT DUE FOR QUARTER ENDING NOV. 1, 1974, BUT NOT COLLECTED UNTIL FEB. 1, 1975..... | FEB. 1, 1975 | \$ 300.00 | \$ 300.00 |
| RENT ACCRUED FOR NOVEMBER AND DECEMBER, COLLECTED ON FEB. 1, 1975..... | FEB. 1, 1975 | \$ 200.00 | \$ 200.00 |
| COMMON STOCK, X CORPORATION, 500 SHARES, NOT DISPOSED OF WITHIN SIX MONTHS FOLLOWING DECEDENT'S DEATH..... | JULY 1, 1975 | \$47,500.00 | \$50,000.00 |
| DIVIDEND OF \$2 PER SHARE DECLARED DEC. 10, 1974 AND PAID ON JAN. 10, 1975 TO HOLDERS OF RECORD ON DEC. 30, 1974..... | JAN. 10, 1975 | \$ 1,000.00 | \$ 1,000.00 |

Appendix II
Illustrations of Valuations of Life Estates

Example 1

Simple Life Estate

Assume that the decedent or his estate was entitled to receive property upon the death of his elder brother who was entitled to receive the income from the property for life. At the date of death, the property was worth \$50,000 and the elder brother was

31 years old. The value of the decedent's remainder interest at the date of death would be \$6,941.50 (\$50,000 x .13883). If, because of economic conditions, the property declined in value and was worth only \$40,000 six months after the date of death, the value of the remainder interest as of the alternate date would be \$5,553.20 (\$40,000 x .13883) even though the elder brother would be 32 years old on the alternate date. (Use age on date of death).

EXAMPLE 2

CONCURRENT LIFE ESTATES

LIFE ESTATE IN PROPERTY VALUED AT \$50,000 FOR A (AGE 35, A MALE) AND B (AGE 46, A FEMALE) TO RUN CONCURRENTLY AND FOR THE LIFE OF THE SURVIVOR OF A AND B WITH REMAINDER TO C.

LIFE ESTATE FOR A IN ALL THE PROPERTY -

$$\$50,000 \times .83255 \text{ [Table A(1)]} = \$41,627.50$$

LIFE ESTATE FOR B IN 1/2 INCOME -

$$\$50,000 \times .79374 \text{ [Table A(2)]} \times 1/2 = \$19,843.50$$

VALUE OF A'S LIFE ESTATE -

$$\$41,627.50 - \$19,843.50 = \$21,784.00$$

VALUE OF B'S LIFE ESTATE -

$$= \$19,843.50$$

VALUE OF C'S REMAINDER INTEREST -

$$\$50,000.00 - \$21,784.00 - \$19,843.50 = \$8,372.50$$

EXAMPLE 3

CONSECUTIVE LIFE ESTATES

LIFE ESTATE IN PROPERTY VALUED AT \$100,000 FOR X (AGE 42, A FEMALE) WITH A SUBSEQUENT LIFE ESTATE TO Y (AGE 25, A MALE) UPON THE DEATH OF X WITH THE REMAINDER OF Z UPON THE DEATH OF Y.

LIFE ESTATE FOR Y IN ALL THE PROPERTY -

$$\$100,000 \times .89445 \text{ (TABLE A(1))} = \$89,445.00$$

LIFE ESTATE FOR X IN ALL THE PROPERTY -

$$\$100,000 \times .82764 \text{ (TABLE A(2))} = \$82,764.00$$

VALUE OF X'S LIFE ESTATE -

$$= \$82,764.00$$

VALUE OF Y'S LIFE ESTATE -

$$\$89,445 - \$82,764 = \$6,681.00$$

VALUE OF Z'S REMAINDER INTEREST -

$$\$100,000 - \$82,764 - \$6,681 = \$10,555.00$$

Appendix III

Illustrations of Valuation of Stocks and Bonds

Example (1). Assume that the sales of X Company stock nearest the valuation date (Friday, June 15) occurred two trading days before (Wednesday, June 13) and three trading days after (Wednesday, June 20). On these days the mean sales prices per share were \$10 and \$15, respectively. The price of \$12 is taken as representing the fair market value of a share of X Company common stock as of the valuation date: $(3 \times 10) \text{ plus } (2 \times 15) \text{ divided by } 5$.

Example (2). Assume the same facts as in example (1), except that the mean sales price per share on June 13 and June 20 were \$15 and \$10, respectively. The price of \$13 is taken as representing the fair market value of a share of X Company stock as of the valuation date: $(3 \times 15) \text{ plus } (2 \times 10) \text{ divided by } 5$.

Example (3). Assume the decedent died on Sunday, October 7. If sales of X Company common stock occurred on Friday, October 5, at a mean sales price per share of \$20 and on Monday, October 8, at a mean sales price per share of \$23, the price of \$21.50 is taken as representing the fair market value of a share of X Company common stock as of the valuation date: $(1 \times 20) \text{ plus } (1 \times 23) \text{ divided by } 2$.

Example (4). Assume that on the valuation date (Tuesday, April 3, 1973) the closing selling price of a listed bond was \$25 and that the highest and lowest selling prices are not available in a listing or publication of general circulation containing transactions in a regulated market. Assume further that the closing selling price of the same listed bond was \$21 on the day before the valuation date (Monday, April 2, 1973). Thus, the price of \$23 is taken as representing the fair market value per bond as of the valuation date: $(25 \text{ plus } 21) \text{ divided by } 2$.

Example (5). Assume the same facts as in example (4) except that there were no sales on the day before

the valuation date. Assume further that there were sales on Thursday, March 29, 1973, and that the closing selling price on that day was \$23. The price of \$24.50 is taken as representing the fair market

value per bond as of the valuation date: $(1 \times 23) \text{ plus } (3 \times 25) \text{ divided by } 4$.

Example (6). Assume that no bonds were traded on the valuation date (Friday, April 20). Assume further that sales of bonds nearest the valuation date occurred two trading days before (Wednesday, April 18) and three trading days after (Wednesday, April 25) the valuation date and that on these two days the closing selling prices per bond were \$29 and \$22, respectively. The highest and lowest selling prices were not available from published sources or general circulation containing transactions in regulated markets. Thus, the price of \$26.20 is taken as the fair market value of a bond as of the valuation date: $(3 \times 29) \text{ plus } (2 \times 22) \text{ divided by } 5$.

Appendix IV

Illustration of Life Insurance and Simultaneous Death
(Rule .105(f)(1)(D))

Example. \$100,000 community policy on the life of the husband with the wife named as beneficiary and no contingent beneficiary named. The cash surrender value of the policy is \$7,000. The husband and wife die simultaneously within the meaning of Texas Probate Code Annotated, Section 47(B). Since no contingent beneficiary was named, the proceeds are distributable to the estate of each spouse. Thus, one-half (\$50,000) are included on the wife's inheritance tax return and one-half (\$50,000) on the return of the husband. Moreover, since the proceeds are receivable by the estate, they do not qualify for the \$40,000 life insurance exclusion.

APPENDIX V

TABLES AND ILLUSTRATIONS OF ANNUITY VALUATIONS

(Rule .105(m))

TABLE A(1)

TABLE, SINGLE LIFE MALE, 6 PERCENT, SHOWING THE PRESENT WORTH OF AN ANNUITY, OF A LIFE INTEREST, AND OF A REMAINDER INTEREST

| (1) AGE | (2) ANNUITY | (3) LIFE ESTATE | (4) REMAINDER | (1) AGE | (2) ANNUITY | (3) LIFE ESTATE | (4) REMAINDER |
|------------|----------------|--------------------|------------------|------------|----------------|--------------------|------------------|
| 0 | 15.6175 | 0.93705 | 0.06295 | 55 | 10.2960 | .61776 | .38224 |
| 1 | 16.0362 | .96217 | .03783 | 56 | 10.0777 | .60466 | .39534 |
| 2 | 16.0283 | .96170 | .03830 | 57 | 9.8552 | .59131 | .40869 |

| | | | | | | | |
|----|---------|--------|--------|-----|--------|--------|--------|
| 3 | 16.0089 | .96053 | .03947 | 58 | 9.6297 | .57778 | .42222 |
| 4 | 15.9841 | .95905 | .04095 | 59 | 9.4028 | .56417 | .43583 |
| 5 | 15.9553 | .95732 | .04268 | 60 | 9.1753 | .55052 | .44948 |
| 6 | 15.9233 | .95540 | .04460 | 61 | 8.9478 | .53687 | .46313 |
| 7 | 15.8885 | .95331 | .04669 | 62 | 8.7202 | .52321 | .47679 |
| 8 | 15.8508 | .95105 | .04895 | 63 | 8.4924 | .50954 | .49046 |
| 9 | 15.8101 | .94861 | .05139 | 64 | 8.2642 | .49585 | .50415 |
| 10 | 15.7663 | .94598 | .05402 | 65 | 8.0353 | .48212 | .51788 |
| 11 | 15.7194 | .94316 | .05684 | 66 | 7.8060 | .46836 | .53164 |
| 12 | 15.6698 | .94019 | .05981 | 67 | 7.5763 | .45458 | .54542 |
| 13 | 15.6180 | .93708 | .06292 | 68 | 7.3462 | .44077 | .55923 |
| 14 | 15.5651 | .93391 | .06609 | 69 | 7.1149 | .42689 | .57311 |
| 15 | 15.5115 | .93069 | .06931 | 70 | 6.8823 | .41294 | .58706 |
| 16 | 15.4576 | .92746 | .07254 | 71 | 6.6481 | .39889 | .60111 |
| 17 | 15.4031 | .92419 | .07581 | 72 | 6.4123 | .38474 | .61526 |
| 18 | 15.3481 | .92089 | .07911 | 73 | 6.1752 | .37051 | .62949 |
| 19 | 15.2918 | .91751 | .08249 | 74 | 5.9373 | .35624 | .64376 |
| 20 | 15.2339 | .91403 | .08597 | 75 | 5.6990 | .34194 | .65806 |
| 21 | 15.1744 | .91046 | .08954 | 76 | 5.4602 | .32761 | .67239 |
| 22 | 15.1130 | .90678 | .09322 | 77 | 5.2211 | .31327 | .68673 |
| 23 | 15.0487 | .90292 | .09708 | 78 | 4.9825 | .29895 | .70105 |
| 24 | 14.9807 | .89884 | .10116 | 79 | 4.7469 | .28481 | .71519 |
| 25 | 14.9075 | .89445 | .10555 | 80 | 4.5164 | .27098 | .72902 |
| 26 | 14.8287 | .88972 | .11028 | 81 | 4.2955 | .25773 | .74227 |
| 27 | 14.7442 | .88465 | .11535 | 82 | 4.0879 | .24527 | .75473 |
| 28 | 14.6542 | .87925 | .12075 | 83 | 3.8924 | .23354 | .76646 |
| 29 | 14.5588 | .87353 | .12647 | 84 | 3.7029 | .22217 | .77783 |
| 30 | 14.4584 | .86750 | .13250 | 85 | 3.5117 | .21070 | .78930 |
| 31 | 14.3528 | .86117 | .13883 | 86 | 3.3259 | .19955 | .80045 |
| 32 | 14.2418 | .85451 | .14549 | 87 | 3.1450 | .18870 | .81130 |
| 33 | 14.1254 | .84752 | .15248 | 88 | 2.9703 | .17822 | .82178 |
| 34 | 14.0034 | .84020 | .15980 | 89 | 2.8052 | .16831 | .83169 |
| 35 | 13.8758 | .83255 | .16745 | 90 | 2.6536 | .15922 | .84078 |
| 36 | 13.7425 | .82455 | .17545 | 91 | 2.5162 | .15097 | .84903 |
| 37 | 13.6036 | .81622 | .18378 | 92 | 2.3917 | .14350 | .85650 |
| 38 | 13.4591 | .80755 | .19245 | 93 | 2.2801 | .13681 | .86319 |
| 39 | 13.3090 | .79854 | .20146 | 94 | 2.1802 | .13081 | .86919 |
| 40 | 13.1538 | .78923 | .21077 | 95 | 2.0891 | .12535 | .87465 |
| 41 | 12.9934 | .77960 | .22040 | 96 | 1.9997 | .11998 | .88002 |
| 42 | 12.8279 | .76967 | .23033 | 97 | 1.9145 | .11487 | .88513 |
| 43 | 12.6574 | .75944 | .24056 | 98 | 1.8331 | .10999 | .89001 |
| 44 | 12.4819 | .74891 | .25109 | 99 | 1.7554 | .10532 | .89468 |
| 45 | 12.3013 | .73808 | .26192 | 100 | 1.6812 | .10087 | .89913 |
| 46 | 12.1158 | .72695 | .27305 | 101 | 1.6101 | .09661 | .90339 |
| 47 | 11.9253 | .71552 | .28448 | 102 | 1.5416 | .09250 | .90750 |
| 48 | 11.7308 | .70385 | .29615 | 103 | 1.4744 | .08846 | .91154 |
| 49 | 11.5330 | .69198 | .30802 | 104 | 1.4065 | .08439 | .91561 |
| 50 | 11.3329 | .67997 | .32003 | 105 | 1.3334 | .08000 | .92000 |
| 51 | 11.1308 | .66785 | .33215 | 106 | 1.2452 | .07471 | .92529 |
| 52 | 10.9267 | .65560 | .34440 | 107 | 1.1196 | .06718 | .93282 |
| 53 | 10.7200 | .64320 | .35680 | 108 | .9043 | .05426 | .94574 |
| 54 | 10.5100 | .63060 | .36940 | 109 | .4717 | .02830 | .97170 |

TABLE A(2)

TABLE, SINGLE LIFE FEMALE, 6 PERCENT, SHOWING THE PRESENT WORTH OF AN ANNUITY, OF A LIFE INTEREST, AND OF A REMAINDER INTEREST

| (1) AGE | (2) ANNUITY | (3) LIFE ESTATE | (4) REMAINDER | (1) AGE | (2) ANNUITY | (3) LIFE ESTATE | (4) REMAINDER |
|------------|----------------|--------------------|------------------|------------|----------------|--------------------|------------------|
| 0 | 15.8972 | 0.95383 | 0.04617 | 55 | 11.6432 | .69859 | .30141 |
| 1 | 16.2284 | .97370 | .02630 | 56 | 11.4353 | .68612 | .31388 |
| 2 | 16.2287 | .97372 | .02628 | 57 | 11.2200 | .67320 | .32680 |
| 3 | 16.2180 | .97308 | .02692 | 58 | 10.9980 | .65988 | .34012 |
| 4 | 16.2029 | .97217 | .02783 | 59 | 10.7703 | .64622 | .35378 |
| 5 | 16.1850 | .97110 | .02890 | 60 | 10.5376 | .63226 | .36774 |
| 6 | 16.1648 | .96989 | .03011 | 61 | 10.3005 | .61803 | .38197 |
| 7 | 16.1421 | .96853 | .03147 | 62 | 10.0587 | .60352 | .39648 |
| 8 | 16.1172 | .96703 | .03297 | 63 | 9.8118 | .58871 | .41129 |
| 9 | 16.0901 | .96541 | .03459 | 64 | 9.5592 | .57355 | .42645 |
| 10 | 16.0608 | .96365 | .03635 | 65 | 9.3005 | .55803 | .44197 |
| 11 | 16.0293 | .96176 | .03824 | 66 | 9.0352 | .54211 | .45789 |
| 12 | 15.9958 | .95975 | .04025 | 67 | 8.7639 | .52583 | .47417 |
| 13 | 15.9607 | .95764 | .04236 | 68 | 8.4874 | .50924 | .49076 |
| 14 | 15.9239 | .95543 | .04457 | 69 | 8.2068 | .49241 | .50759 |
| 15 | 15.8856 | .95314 | .04686 | 70 | 7.9234 | .47540 | .52460 |
| 16 | 15.8460 | .95076 | .04924 | 71 | 7.6371 | .45823 | .54177 |
| 17 | 15.8048 | .94829 | .05171 | 72 | 7.3480 | .44088 | .55912 |
| 18 | 15.7620 | .94572 | .05428 | 73 | 7.0568 | .42341 | .57659 |
| 19 | 15.7172 | .94303 | .05697 | 74 | 6.7645 | .40587 | .59413 |
| 20 | 15.6701 | .94021 | .05979 | 75 | 6.4721 | .38833 | .61167 |
| 21 | 15.6207 | .93724 | .06276 | 76 | 6.1788 | .37073 | .62927 |
| 22 | 15.5687 | .93412 | .06588 | 77 | 5.8845 | .35307 | .64693 |
| 23 | 15.5141 | .93085 | .06915 | 78 | 5.5910 | .33546 | .66454 |
| 24 | 15.4565 | .92739 | .07261 | 79 | 5.3018 | .31811 | .68189 |
| 25 | 15.3959 | .92375 | .07625 | 80 | 5.0195 | .30117 | .69883 |
| 26 | 15.3322 | .91993 | .08007 | 81 | 4.7482 | .28489 | .71511 |
| 27 | 15.2652 | .91591 | .08409 | 82 | 4.4892 | .26935 | .73065 |
| 28 | 15.1946 | .91168 | .08832 | 83 | 4.2398 | .25439 | .74561 |
| 29 | 15.1208 | .90725 | .09275 | 84 | 3.9927 | .23956 | .76044 |
| 30 | 15.0432 | .90259 | .09741 | 85 | 3.7401 | .22441 | .77559 |
| 31 | 14.9622 | .89773 | .10227 | 86 | 3.5016 | .21010 | .78990 |
| 32 | 14.8775 | .89265 | .10735 | 87 | 3.2790 | .19674 | .80326 |
| 33 | 14.7888 | .88733 | .11267 | 88 | 3.0719 | .18431 | .81569 |
| 34 | 14.6960 | .88176 | .11824 | 89 | 2.8808 | .17285 | .82715 |
| 35 | 14.5989 | .87593 | .12407 | 90 | 2.7068 | .16241 | .83759 |
| 36 | 14.4975 | .86985 | .13015 | 91 | 2.5502 | .15301 | .84699 |
| 37 | 14.3915 | .86349 | .13651 | 92 | 2.4116 | .14470 | .85530 |
| 38 | 14.2811 | .85687 | .14313 | 93 | 2.2901 | .13741 | .86259 |
| 39 | 14.1663 | .84998 | .15002 | 94 | 2.1839 | .13103 | .86897 |
| 40 | 14.0468 | .84281 | .15719 | 95 | 2.0891 | .12535 | .87465 |
| 41 | 13.9227 | .83536 | .16464 | 96 | 1.9997 | .11998 | .88002 |

| | | | | | | | |
|----|---------|--------|--------|-----|--------|--------|--------|
| 42 | 13.7940 | .82764 | .17236 | 97 | 1.9145 | .11487 | .88513 |
| 43 | 13.6604 | .81962 | .18038 | 98 | 1.8331 | .10999 | .89001 |
| 44 | 13.5219 | .81131 | .18869 | 99 | 1.7554 | .10532 | .89468 |
| 45 | 13.3781 | .80269 | .19731 | 100 | 1.6812 | .10087 | .89913 |
| 46 | 13.2290 | .79374 | .20626 | 101 | 1.6101 | .09661 | .90339 |
| 47 | 13.0746 | .78448 | .21552 | 102 | 1.5416 | .09250 | .90750 |
| 48 | 12.9147 | .77488 | .22512 | 103 | 1.4744 | .08846 | .91154 |
| 49 | 12.7496 | .76498 | .23502 | 104 | 1.4065 | .08439 | .91561 |
| 50 | 12.5793 | .75476 | .24524 | 105 | 1.3334 | .08000 | .92000 |
| 51 | 12.4039 | .74423 | .25577 | 106 | 1.2452 | .07471 | .92529 |
| 52 | 12.2232 | .73339 | .26661 | 107 | 1.1196 | .06718 | .93282 |
| 53 | 12.0367 | .72220 | .27780 | 108 | .9043 | .05426 | .94574 |
| 54 | 11.8436 | .71062 | .28938 | 109 | .4717 | .02830 | .97170 |

TABLE B

TABLE SHOWING THE PRESENT WORTH AT 6 PERCENT OF AN ANNUITY FOR A TERM CERTAIN, OF AN INTEREST FOR A TERM CERTAIN, AND OF REMAINDER INTEREST POSTPONED FOR A TERM CERTAIN

| (1) NUMBER OF YEARS | (2) ANNUITY | (3) TERM CERTAIN | (4) REMAINDER | (1) NUMBER OF YEARS | (2) ANNUITY | (3) TERM CERTAIN | (4) REMAINDER |
|---------------------------|----------------|------------------------|------------------|---------------------------|----------------|------------------------|------------------|
| 1 | 0.9434 | 0.056604 | 0.943396 | 31 | 13.9291 | .835745 | .164255 |
| 2 | 1.8334 | .110004 | .889996 | 32 | 14.0840 | .845043 | .154957 |
| 3 | 2.6730 | .160381 | .839619 | 33 | 14.2302 | .853814 | .146186 |
| 4 | 3.4651 | .207906 | .792094 | 34 | 14.3681 | .862088 | .137912 |
| 5 | 4.2124 | .252742 | .747258 | 35 | 14.4982 | .869895 | .130105 |
| 6 | 4.9173 | .295039 | .704961 | 36 | 14.6210 | .877259 | .122741 |
| 7 | 5.5824 | .334943 | .665057 | 37 | 14.7368 | .884207 | .115793 |
| 8 | 6.2098 | .372588 | .627412 | 38 | 14.8460 | .890761 | .109239 |
| 9 | 6.8017 | .408102 | .591898 | 39 | 14.9491 | .896944 | .103056 |
| 10 | 7.3601 | .441605 | .558395 | 40 | 15.0463 | .902778 | .097222 |
| 11 | 7.8869 | .473212 | .526788 | 41 | 15.1380 | .908281 | .091719 |
| 12 | 8.3838 | .503031 | .496969 | 42 | 15.2245 | .913473 | .086527 |
| 13 | 8.8527 | .531161 | .468839 | 43 | 15.3062 | .918370 | .081630 |
| 14 | 9.2950 | .557699 | .442301 | 44 | 15.3832 | .922991 | .077009 |
| 15 | 9.7122 | .582735 | .417265 | 45 | 15.4558 | .927350 | .072650 |
| 16 | 10.1059 | .606354 | .393646 | 46 | 15.5244 | .931462 | .068538 |
| 17 | 10.4773 | .628636 | .371364 | 47 | 15.5890 | .935342 | .064658 |
| 18 | 10.8276 | .649656 | .350344 | 48 | 15.6500 | .939002 | .060998 |
| 19 | 11.1581 | .669487 | .330513 | 49 | 15.7076 | .942454 | .057546 |
| 20 | 11.4699 | .688195 | .311805 | 50 | 15.7619 | .945712 | .054288 |

| | | | | | | | |
|----|---------|---------|---------|----|---------|---------|---------|
| 21 | 11.7641 | .705845 | .294155 | 51 | 15.8131 | .948785 | .051215 |
| 22 | 12.0416 | .722495 | .277505 | 52 | 15.8614 | .951684 | .048316 |
| 23 | 12.3034 | .738203 | .261797 | 53 | 15.9070 | .954418 | .045582 |
| 24 | 12.5504 | .753021 | .246979 | 54 | 15.9500 | .956999 | .043001 |
| 25 | 12.7834 | .767001 | .232999 | 55 | 15.9905 | .959433 | .040567 |
| 26 | 13.0032 | .780190 | .219810 | 56 | 16.0288 | .961729 | .038271 |
| 27 | 13.2105 | .792632 | .207368 | 57 | 16.0649 | .963895 | .036105 |
| 28 | 13.4062 | .804370 | .195630 | 58 | 16.0990 | .965939 | .034061 |
| 29 | 13.5907 | .815443 | .184557 | 59 | 16.1311 | .967867 | .032133 |
| 30 | 13.7648 | .825890 | .174110 | 60 | 16.1614 | .969686 | .030314 |

If an annuity is payable at the end of semiannual, quarterly, monthly, or weekly periods during the life of an individual or for a definite number of years, the aggregate amount to be paid within a year is first multiplied by the figure in column 2 of Table A(1) or A(2) or B, whichever is appropriate, opposite the number of years in column 1. The product so obtained is then multiplied by whichever of the following factors is appropriate:

- 1.0148 for semiannual payments
- 1.0222 for quarterly payments
- 1.0272 for monthly payments
- 1.0291 for weekly payments

Use of the preceding tables is illustrated by the following examples:

Example 1. A, a male, age 40 years, eight months, received under his father's will \$10,000 a year payable annually during the lifetime of A. By reference to Table A(1), the figure in column 2 opposite 41 years is 12.9934. The present value of the annuity at the date of the father's death is \$129,934 ($\$10,000 \times 12.9934$).

Example 2. A, a female, age 60 years, four months, received under the will of a sister a life estate in property valued at \$150,000 with a remainder at the death of A to

B. By reference to Table A(2), the figure in column 3 opposite 60 years is .63226. The present value of the life estate of A at the sister's date of death is \$94,839 ($\$150,000 \times .63226$). The figure in column 4 of Table A(2) opposite 60 years is .36774. Therefore, the present value of the remainder interest passing to B is \$55,161 ($\$150,000 \times .36774$).

Example 3. A leaves to B an annuity of \$12,000 a year payable monthly for a term certain of 10 years. By reference to Table B, the figure in column 2 opposite 10 years is 7.3601. The aggregate annual amount, \$12,000, is multiplied by the factor 7.3601 and this product is then multiplied by the factor 1.0272 (factor for monthly payments). The present value of the annuity is, therefore, \$90,723.54 ($\$12,000 \times 7.3601 \times 1.0272$).

Issued in Austin, Texas, on April 16, 1980.

Doc. No. 802815 Bob Bullock
Comptroller of Public Accounts

Proposed Date of Adoption: May 23, 1980
For further information, please call (512) 475-1937.

NONCODIFIED

Texas State Board of Examiners of Psychologists

General Ruling 400.01.00.002

The Texas State Board of Examiners of Psychologists is proposing to amend Rule 400.01.00.002 which deals with references by current board members for applicants before the board. It was the determination of the board to change the rule to include all types of applications rather than to limit the requirement to applications for certification and/or licensure.

The members of the board have stated that this proposed amendment will have no fiscal implications for state or local government.

Public comment on the proposed amendment to Rule .002 is invited. Persons should submit their comments in writing to Patti Bizzell, executive secretary, Texas State Board of Examiners of Psychologists, 5555 North Lamar, Building H, Suite 126, Austin, Texas 78751.

The amendment to Rule .002 is proposed under the authority of Article 4512c, Texas Civil Statutes.

.002. References by Board Members. Current members of the board may not be used as references by an applicant for **any applications made to the board** [certification or licensure by this board].

Doc. No. 802832

400.01.00.010

The Texas State Board of Examiners of Psychologists is proposing to amend Rule 400.01.00.010 which deals with contents of the certificate and license issued by the board. The board has computerized its renewal process; instead of having seals and cards sent by office personnel, the computer generates preprinted renewal forms and renewal notices. Board Rule .016 states the requirements for the display of the license and renewal notice. Since the board no longer uses self-adhering seals and cards for the renewal process, it was decided that the last two sentences of this rule should be deleted. The last word in the second sentence should be changed from "card" to "notice" to reflect the above procedure.

The members of the board have stated that this proposed amendment will have no fiscal implications for state or local government.

Public comment on the proposed amendment to Rule .010 is invited. Persons should submit their comments in writing to Patti Bizzell, executive secretary, Texas State Board of Examiners of Psychologists, 5555 North Lamar, Building H, Suite 126, Austin, Texas 78751.

The amendment to Rule .010 is proposed under the authority of Article 4512(c), Texas Civil Statutes.

.010. Contents of Certificate and License. The certificate and license will show the highest relevant degree held at the time of certificate or licensure. Later relevant degrees may be shown on renewal **notices** [cards. Self-adhering seals will be issued to indicate renewal of licensure. Cards will be issued for renewal of certification.]

Doc. No. 802833

Applications 400.02.00

The Texas State Board of Examiners of Psychologists is proposing to amend Rule 400.02.00.010 which deals with certification of psychological associates. It was the determination of the board to correct the wording of the rule to avoid a misinterpretation of this use. It was the board's intent to set an arbitrary date of August 31, 1980, when one set of requirements would no longer be in effect and a new set of requirements would exist. The phrase at the beginning of the rule "for a degree conferred before" could possibly have been interpreted to mean a degree conferred by that date when the board actually meant degree conferred and application submitted to the board by that date.

The members of the board have stated that this proposed amendment will have no fiscal implications for state or local government.

Public comment on the proposed amendment to Rule .010 is invited. Persons should submit their comments in writing to Patti Bizzell, executive secretary, Texas State Board of Examiners of Psychologists, 5555 North Lamar, Building H, Suite 126, Austin, Texas 78751.

The amendment to Rule .010 is proposed under the authority of Article 4512(c), Texas Civil Statutes.

.010. Subdoctoral Certification.

(a) [For a degree conferred before] **Until** September 1, 1980, the board requires a master's degree which is primarily psychological in nature of at least 30 semester credit hours for subdoctoral certification, at least 24 graduate-level semester credit hours of which (exclusive of practicum) must have been in psychology. Six semester credit hours of thesis credit may be counted toward these 24 semester credit hours, if the thesis is in psychology. No hours obtained after the degree was conferred may be counted. Three hundred clock hours of practicum or experience in psychology, supervised by a licensed psychologist, must be completed before the written examination may be taken.

(b) [For a degree conferred] After August 31, 1980, the board **will require** [requires] a master's degree which is primarily psychological in nature of at least 42 semester credit hours for subdoctoral certification, at least 27 graduate-level semester credit hours of which (exclusive of practicum) must have been in psychology. Six semester credit hours of thesis credit in a department of psychology may be counted toward these 27 semester credit hours. No hours obtained after the master's degree was conferred may be counted. Four hundred and fifty clock hours of practicum or experience in psychology, supervised by a licensed psychologist, or in the case of exempt agencies, by a supervisor who is eligible for licensure, must be completed before the written examination may be taken.

Doc. No. 802835

Rule of Practice 400.03.00.007

The Texas State Board of Examiners of Psychologists is proposing to amend Rule 400.03.00.007 which deals with the employment of persons by psychologists. It was the determination of the board to combine this rule and Rule .008 to state all employment situations in one rule. This combination would address all employment situations for psychologists, i.e. for certified and/or licensed psychologists, and all other persons who might be employed.

The members of the board have stated that this proposed amendment will have no fiscal implications for state or local government.

Public comment on the proposed amendment to Rule .007 is invited. Persons should submit their comments in writing to Patti Bizzell, executive secretary, Texas State Board of Examiners of Psychologists, 5555 North Lamar, Building H, Suite 126, Austin, Texas 78751.

The amendment to Rule .007 is proposed under the authority of Article 4512c Texas Civil Statutes.

.007. Employment. Where a psychologist employs a [noncertified] person to perform psychological functions, the contract between the psychologist and the employee must be on file with the board for each situation. *A certified psychologist may perform psychological services as the employee of a licensed psychologist or within the confines of an organization or corporation only if an approved contract of employment, specifying the nature and extent of supervision by a licensed psychologist, is on file with the board.*

Doc. No. 802836

400.03.00.012

The Texas State Board of Examiners of Psychologists is proposing to amend Rule 400.03.00.012 which deals with the applicability of the Act and rules of the board. It was the determination of the board to include the words "psychological associate" after the first and second time the word "psychologist" is used to clarify the meaning intended by the board and to make the first part of the sentence consistent with the last part. It was also decided to include both genders of the personal pronouns he or she to consider the entire population.

The members of the board have stated that this proposed amendment will have no fiscal implications for state or local government.

Public comment on the proposed amendment to Rule .012 is invited. Persons should submit their comments in writing to Patti Bizzell, executive secretary, Texas State Board of Examiners of Psychologists, 5555 North Lamar, Building H, Suite 126, Austin, Texas 78751.

The amendment to Rule .012 is proposed under the authority of Article 4512(c), Texas Civil Statutes.

.012. Applicability of the Act and Rules of the Board. Irrespective of any training other than that which is primarily psychological which the psychologist *or psychological associate* may have completed, or any other certification or licensure which the psychologist *or psychological associate* may possess, or any other professional title or label he *or she* may

claim, anyone certified as a psychologist or psychological associate is bound by the provisions of the Act and the rules of the board in rendering psychological services for compensation.

Issued in Austin, Texas, on April 10, 1980.

Doc. No. 802837 Patti Bizzell
Executive Secretary
Texas State Board of Examiners
of Psychologists

Proposed Date of Adoption: May 26, 1980
For further information, please call (512) 458-3295.

Railroad Commission of Texas

Oil and Gas Division

Rules Having Statewide General Application to Oil, Gas, and Geothermal Resource Operations within the State of Texas 051.02.02

The Railroad Commission of Texas is proposing to amend Rule 051.02.02.008(c)(1)(B), which pertains to the storage of fluids such as saltwater brine and other field waste in pits. This amendment is proposed so that the director of field operations will be allowed to grant administratively saltwater disposal pit authority. Disposal pits have been regulated by the Railroad Commission since it adopted Rule .008(c) effective January 1, 1969, by special order in Docket 20-56, 841.

It is the opinion of the division's staff that this proposed amendment has no fiscal implications for the state or for units of local government.

Public comment on the proposed amendment is invited. Comments will be accepted for 30 days following publication of this proposed amendment in the *Texas Register* and should be submitted in writing to John G. Soule, general counsel, Oil and Gas, Railroad Commission of Texas, P.O. Drawer 12967, Austin, Texas 78711.

This amendment to statewide Rule 051.02.02.008 is proposed under the authority of Title 3, Oil and Gas, Texas Natural Resources Code, and Chapter 26, Texas Water Code.

.008. Water Protection.

(a)-(c) (No change.)

(1) (No change.)

(A) (No change.)

(B) Impervious collecting pits may be approved for use in conjunction with approved saltwater disposal operations, provided that authority must be received for use of such pits from the *director of field operations* [commission]. *If the director of field operations declines administratively to grant, to continue, or to extend the authority to use a pit, the operator shall drain and backfill an existing pit or request a hearing on the matter. After hearing, the examiner shall make a recommendation for final action by the commission.*

Issued in Austin, Texas, on April 14, 1980.

Doc. No. 802845 John G. Soule
General Counsel, Oil and Gas
Railroad Commission of Texas

Proposed Date of Adoption: June 9, 1980
For further information, please call (512) 445-1285.

An agency may adopt a proposed rule no earlier than 30 days after publication in the *Register*, and the adoption may go into effect no sooner than 20 days after filing, except where a federal statute or regulation requires implementation of a rule on shorter notice.

Upon request, an agency shall provide a statement of the reasons for and against adoption of a rule. Any interested person may request this statement from the agency before adoption or within 30 days afterward. The statement shall include the principal reasons for overruling objections to the agency's decision.

This section now contains two classifications: codified and noncodified. Agencies whose rules have been published in the *Texas Administrative Code* will appear under the heading "Codified." These rules will list the new TAC number, which will be followed immediately by the *Texas Register* 10-digit number. Agencies whose rules have not been published in the TAC will appear under the heading "Noncodified." The rules under the heading "Codified" will appear first, immediately followed by rules under the heading "Noncodified."



NONCODIFIED

State Board of Insurance

Life, Accident, and Health

Indeterminate Premium Reduction Policy

059.03.50

The State Board of Insurance has adopted Rules 059.03.50.001-.011 concerning the requirements under which indeterminate premium reduction policies may be marketed in Texas. As a result of comments received, the rules have been clarified in a few places. There is one substantive change. The certification required in proposed Rule .010(b) as published in the February 29, 1980, issue of the *Texas Register* (5 TexReg 743), has caused some confusion and will, according to comments received, be difficult to apply. The board determined to eliminate the certification and to substitute a new certification concerning the requirement in Rule .010(a).

These rules are promulgated under the authority of Articles 3.28, 3.42, 3.44a, and 21.21 of the Texas Insurance Code.

.001. Purpose and Scope.

(a) These rules are promulgated to regulate nonparticipating permanent life insurance policies which have the following characteristics:

(1) the premium for the policy is guaranteed for an initial period of time but subsequent to such initial period, a maximum premium charge is specified in the policy; thereafter, the insurer reserves the right to charge a lesser unspecified amount (this type of policy is hereinafter referred to as "an indeterminate premium reduction policy");

(2) one of the purposes of the policy is to provide insureds with insurance coverage at a lower initial premium than would be obtainable from the insurer if the premiums were required to be unchangeable by the insurer for the life of the policy.

(b) A major purpose of these rules is to promote an accurate presentation and description to the insurance-buying public of the indeterminate premium reduction policy. Adequate disclosure is one of the principal objectives of the rules. The rules attempt to insure that prospective insureds receive a fair, adequate, and accurate impression of the true nature of the indeterminate premium reduction policy. Some of the rules also give notice of certain legal interpretations. The rules are supplementary to and cumulative of other statutes and rules including those promulgated under authority of Chapter 21 of the Texas Insurance Code. The rules are applied and interpreted in accordance with the foregoing purposes.

.002. Policy Form Submission.

(a) No indeterminate premium reduction policy may be approved for use in Texas unless the insurer files with the State Board of Insurance in conjunction with such indeterminate premium reduction policy a statement:

(1) that, to the best of its knowledge and belief, the policy submitted is in compliance with these rules;

(2) that advertising and solicitation will be in compliance with these rules;

(3) that any premium redetermination will not reflect a distribution of company surplus nor a return of previously collected premiums; and

(4) that any nonguaranteed premium rates used to market the policy are lower than rates which the insurer is willing to guarantee in a fixed premium policy with the same or similar benefits for insureds of essentially the same class of risk.

(b) A nonguaranteed premium means any charge for insurance, including any percentage deviation from a maximum charge, that an insurer or insurance agent mentions or illustrates as a possible charge for coverage other than the maximum guaranteed premium specified in the policy.

.003. Solicitation and Advertising.

(a) The initial premium charge and its period of guarantee, the maximum premium charge, the fact that the maximum premium charge might be charged, and the frequency of premium redetermination dates must be set forth prominently in:

(1) any advertising containing an application or any advertisement used with a solicitation, and

(2) any oral or written solicitation.

In any such solicitation or advertisement, the insurer or insurance agent must also furnish the prospective insured with a written statement containing language substantially as follows: The company reserves the right to charge the maximum premium beginning with any premium redetermination date. The premium at redetermination date, if less than the maximum premium stated in the policy, is not guaranteed beyond the current redetermination period. Also, the premium at redetermination date is subject to the company's expectations as to one or more future cost factors including persistency, expenses, mortality, and interest.

(b) No insurer or agent may, in marketing an indeterminate premium reduction policy, mention, illustrate, or refer in any fashion to any possible or likely specific future charge for the coverage other than as set out in this subsection. The insurer or agent may only refer to the following:

- (1) actual relevant previous or current charges for the indeterminate premium reduction policy it is marketing;
- (2) the initial charge, and its period of guarantee;
- (3) the maximum guaranteed charge;
- (4) the fact that future charges may be less than the maximum; and

(5) relevant projected illustrations based on either actual previous or actual current charges or both, provided it is disclosed that such illustrations are based on current projections such as persistency, interest, mortality, or expense factors.

For the purposes of (b)(1) and (b)(5), rates for all issue ages under the policy marketed are considered relevant. Rates for different policy forms other than that being marketed under subsections (b)(1) and (b)(5) are not considered relevant.

(c) If nonguaranteed premium rates are displayed in advertising and disclosure material, the maximum premium rate(s) must be displayed with equal prominence.

.004. Summary or Provisions.

(a) Upon application for an indeterminate premium reduction policy, a separate form containing a summary which adequately describes the contractual premium provisions must be signed by the applicant and submitted to the insurer in conjunction with the application. A portion of the summary must include the following information:

- (1) the fact that the premium might be changed in the policy;
- (2) the frequency of the possible changes; and
- (3) the fact that the nonguaranteed premium (if used in solicitation or advertising) is not guaranteed but the full maximum could be charged.

The summary required by these rules must be kept with a copy of the application subsequent to its receipt by the insurer and maintained in the insurer's files during the existence of the contract.

.005. *Relation of Initial to Later Premium Charge.* If the policy offers an initial premium which is different from the maximum guaranteed premium specified in the policy for later policy years, no solicitation or advertisement may display or state the smaller premium in such a fashion that the larger premium charge is rendered obscure or de-emphasized. The smaller premium may not be displayed more prominently than the larger premium charge.

.006. *Premium Redetermination.* No policy may provide for premium changes more often than once per policy year.

.007. *Reclassification of Policyholders.* No insurer may, for premium redetermination purposes, reclassify into subclasses or new classes the original class established for an indeterminate premium reduction policy at date of issue.

.008. *Minimum Nonforfeiture Values.* The minimum basis for cash values is stated in Article 3.44a wherein the adjusted premiums are required to be computed as a "uniform percentage of the respective premiums specified in the policy." Maximum guaranteed premiums in the policy are specified premiums as defined by the code. Cash values will not be required to be redetermined when premiums are reduced for in-force policies.

.009. Minimum Reserves.

(a) The minimum reserve basis stated in Article 3.28 requires modified net premiums that are a "uniform percentage of the respective contract premiums." The same contract premiums at the same durations are used in this reserve computation as are used in the minimum cash value computation. The reserve must never be less than the cash value in the policy.

(b) Deficiency reserves are required to be calculated using guaranteed premiums. Thus, maximum guaranteed premiums specified in the policy are used in the calculation except that any lower guaranteed premiums must be used for the periods guaranteed.

.010. Artificial Maximum Premiums Prohibited.

(a) No insurer may incorporate an increment into a maximum premium in an indeterminate premium reduction policy in order to be able to show an increased reduction in later policy years or to reduce cash values as provided in Article 3.44a of the Texas Insurance Code, or reserves as provided in Article 3.28 of the Texas Insurance Code.

(b) As a condition precedent to policy form approval, there shall accompany each submission of an indeterminate premium reduction policy a certification by a qualified actuary to the following: that the maximum premiums specified in the policy do not incorporate an increment as specified in subsection (a) of this rule. An approval of a policy form subsequent to receipt of the foregoing certification shall not be construed as a determination by the State Board of Insurance that the certification is true and accurate.

.011. *General Enforcement.* A failure to follow and abide by these rules in marketing the indeterminate premium reduction policy or a failure to abide by the representations required by these rules in marketing the indeterminate premium reduction policy will be grounds for a withdrawal of approval of the insurer's previously approved indeterminate premium reduction policy forms and will be grounds for disapproval of subsequently filed indeterminate premium reduction policy forms. The provisions of this rule are additional to and cumulative of all other enforcement provisions provided by law including Article 21.21 of the Texas Insurance Code.

Issued in Austin, Texas on April 16, 1980.

Doc. No. 802859 Pat Wagner
Chief Clerk
State Board of Insurance

Effective Date: May 8, 1980

Proposal Publication Date: February 29, 1980

For further information, please call (512) 475-4509

Texas State Board of Examiners of Psychologists

Applications 400.02.00

The Texas State Board of Examiners of Psychologists has amended Rule 400.02.00.008, which deals with the experience requirements for psychologists seeking licensure. It was the determination of the board to clearly define the board's intent for acceptable experience.

This amendment is adopted under the authority of Article 4512c, Texas Civil Statutes.

.008. Experience. A year of experience is defined as a minimum of 1,500 supervised hours obtained within a 24-month period in not more than two facilities or placements.

Issued in Austin, Texas, on April 10, 1980.

Doc. No. 802834 Patti Bizzell
Executive Secretary
Texas State Board of Examiners
of Psychologists

Effective Date: May 7, 1980

Proposal Publication Date: February 19, 1980

For further information, please call (512) 458-3295.

The Open Meetings Act (Article 6252-17, Texas Civil Statutes) requires that an agency with statewide jurisdiction have notice posted for at least seven days before the day of a meeting. A political subdivision covering all or part of four or more counties, or an institution of higher education, must have notice posted for at least 72 hours before the scheduled meeting time. Notice of an emergency meeting or an emergency addition or amendment to an agenda must be posted for at least two hours before the meeting is convened. Although some notices may be received and filed too late for publication before the meetings are held, all filed notices will be published in the *Register*. Each notice published includes an agenda or a summary of the agenda as furnished for publication by the agency and the date and time of filing. Notices are posted on the bulletin board outside the offices of the secretary of state on the first floor in the East Wing of the State Capitol. These notices may contain more detailed agendas than space allows to be published in the *Register*.

State Board of Barber Examiners

Tuesday, May 6, 1980, 8 a.m. The State Board of Barber Examiners will meet in Room H-111, 5555 North Lamar, Austin. According to the agenda, the board will consider minutes of the previous meeting; sign teachers' licenses, school permits; interview out-of-state applicants; review the examination schedule; adopt amended Rule 378.01.02.002 and .003(a); propose a rule regarding credit for working hours in lieu of school hours for out-of-state applicants; and read letters and the executive secretary's report. The board will also meet in executive session.

Additional information may be obtained from Mary Jo McCrorey, 5555 North Lamar, H-111, Austin, Texas 78751, telephone (512) 458-2241.

Filed: April 17, 1980, 3:45 p.m.
Doc. No. 802868

Finance Commission of Texas

Friday, May 2, 1980, 10 a.m. The Savings and Loan Section of the Finance Commission of Texas will meet in the Savings and Loan commissioner's office, 1004 Lavaca, Austin. According to the agenda, the division will meet to consider the regulations pertaining to mortgage loans and additional offices as proposed and published in the *Texas Register* on April 1, 1980, as permanent rules; mileage and per diem for travel; amending 1980 budget; additional regulations pertaining to "NOW Accounts," automatic transfer of funds for transaction accounts.

Additional information may be obtained from L. Alvis Vandygriff, 1004 Lavaca Street, Austin, Texas, telephone (512) 475-7911.

Filed: April 18, 1980, 10:01 a.m.
Doc. No. 802879

University of Houston

Monday, April 21, 1980, 10 a.m. The Budget and Finance Committee of the University of Houston Board of Regents met in emergency session in the fifth floor conference room of the Houston United Bank Building, 4600 Gulf Freeway,

Houston. Urgent public necessity required that the committee meet to discuss bank resolutions; faculty salary board lists; gift income; and routine resolutions.

Additional information may be obtained from Deborah Selden, 911 Walker, Suite 765, Houston, Texas 77002 telephone (713) 749-3083.

Filed: April 18, 1980 10:16 a.m.
Doc. No. 802884

Monday, May 5, 1980, 8 a.m. The Broadcasting and Development Committee of the University of Houston Board of Regents will meet at 22 Ezekiel Cullen Building, University of Houston—CC, Houston. According to the agenda summary, the committee will consider the following: quarterly report of the broadcasting stations; April 1 relicensing filings; report on Auction X; final testing of new transmitters; KUHT-TV People's Republic of China filming project with Houston Ballet; League of Women Voters Republican forum; FCC filing on Westar uplink; Festival '80 membership drive by ACT; Tall Tower project; and talking tapes for the blind.

Additional information may be obtained from Deborah Selden, 911 Walker, Suite 765, Houston, Texas 77002 telephone (713) 749-3083.

Filed: April 18, 1980 10:16 a.m.
Doc. No. 802885

Texas Motor Vehicle Commission

Wednesday, April 30, 1980, 9:30 a.m. The Texas Motor Vehicle Commission will meet in Suite 200 of the National Building, 815 Brazos Street, Austin, to consider its financial report and the following proceedings:

hearing reports

182—application of Harley City, Inc., Haltom City

187—Star Motor Cars v. Mercedes-Benz

190—application of Austin Suzuki, Austin

171—application of Archer Chrysler-Plymouth, Houston

188—R. B. Paschal v. Krueger Chevrolet and Chevrolet

Motor Division

orders of dismissal

147—Bob Robertson v. Chevrolet Motor Division

174—application of Sam's Motorcycle Sales, Houston

177—Al Stokes, Inc., v. Lone Star Dodge Chrysler

180—David Craddock v. McMorris Downtown Ford

185—Peggy Courtney v. Kircher Pontiac and Pontiac

Motor Division

192—John Arrington v. International Harvester Company;

applicant's and intervenor's motion to dismiss protest

193—application of Hudiburg Chevrolet, Inc., Dallas

Additional information may be obtained from Russell Harding, 815 Brazos Street, National Building, Suite 200, Austin, Texas, telephone (512) 476-3587.

Filed: April 17, 1980, 3:45 p.m.
Doc. No. 802869

Texas Parks and Wildlife Department

Tuesday, May 6, 1980, 2 p.m. The Fisheries Division Resources Protection Branch of the Texas Parks and Wildlife Department will meet in Room A 200, 4200 Smith School Road, Austin. The division will consider an application of Bill Knollenberg, doing business as All Sand and Gravel, for a permit to remove approximately 4,000 cubic yards of sand and 800 cubic yards of gravel per month from the San Jacinto River by means of hydraulic dredge and dragline for commercial use. The work site would be located approximately eight miles east of Spring, Montgomery County, starting three miles south of the Riley Fuzzell Road, and extending south for a distance of 3.2 miles adjacent to the Barr estate on the west side of the river. Property owner on the east side of the river is Bull Salas.

Additional information may be obtained from Chester Harris, 4200 Smith School Road, Austin, Texas 78744, telephone (512) 475-4831.

Filed April 16, 1980, 2:22 p.m.
Doc. No. 802830

State Pension Review Board

Monday, April 28, 1980, 10 a.m. The State Pension Review Board will meet in Room 100-E of the John H. Reagan Building, 105 West 15th Street, Austin. According to the agenda, the following members of the National Conference of State Legislators will present a program on pension oversight bodies: Thomas Bleakney—funding methods; Senator Paul Hanaway of Rhode Island—state pension commissions; and Blair Testin, director of Wisconsin Retirement Research Committee—pension oversight in Wisconsin. The board will also consider obtaining actuarial services.

Additional information may be obtained from Rita Horwitz, John H. Reagan Building, Room 200-A, Austin, Texas, telephone (512) 475-8332.

Filed: April 18, 1980, 9:38 a.m.
Doc. No. 802878

Public Utility Commission of Texas

Wednesday, May 7, 1980, 10 a.m. The Hearings Division of the Public Utility Commission of Texas will conduct a prehearing conference in Suite 450N, 7800 Shoal Creek Boulevard, Austin, in Docket 3168, application of Bayou Vista Utilities Company for authority to increase water rates within Galveston County.

Additional information may be obtained from Philip F. Ricketts, 7800 Shoal Creek Boulevard, Suite 450N, Austin, Texas 78757, telephone (512) 458-0100.

Filed April 17, 1980, 10:05 a.m.
Doc. No. 802850

Friday, May 9, 1980, 10 a.m. The Hearings Division of the Public Utility Commission of Texas will conduct a hearing in Suite 450N, 7800 Shoal Creek Boulevard, Austin, to consider

an application of Artesian Forest Water Department for a rate increase within Montgomery County—Docket 3129.

Additional information may be obtained from Philip F. Ricketts, 7800 Shoal Creek Boulevard, Suite 450N, Austin, Texas 78757, telephone (512) 458-0100.

Filed: April 14, 1980, 4:20 p.m.
Doc. No. 802760

Wednesday, May 21, 1980, 9 a.m. The Hearings Division of the Public Utility Commission of Texas will conduct a hearing in Suite 450N, 7800 Shoal Creek Boulevard, Austin, to consider an application of Community Public Service Company for a rate increase—Docket 3093.

Additional information may be obtained from Philip F. Ricketts, 7800 Shoal Creek Boulevard, Suite 450N, Austin, Texas 78757, telephone (512) 458-0100.

Filed: April 16, 1980, 9:38 a.m.
Doc. No. 802808

Monday, June 2, 1980, 9 a.m. The Hearings Division of the Public Utility Commission of Texas will conduct a public hearing in Suite 450N, 7800 Shoal Creek Boulevard, Austin, in Docket 3136—application of Alexa Enterprises, Inc., (doing business as Engel Utility Company) to increase water and sewer rates within Henderson County.

Additional information may be obtained from Philip F. Ricketts, 7800 Shoal Creek Boulevard, Suite 450N, Austin, Texas 78757, telephone (512) 458-0100.

Filed: April 15, 1980, 9:23 a.m.
Doc. No. 802788

Wednesday, June 4, 1980, 9 a.m. The Hearings Division of the Public Utility Commission of Texas has scheduled a prehearing conference in Suite 450N, 7800 Shoal Creek Boulevard, Austin, to consider an application of Southwestern Bell Telephone Company for a rate/tariff change—Docket 3177.

Additional information may be obtained from Philip F. Ricketts, 7800 Shoal Creek Boulevard, Suite 450N, Austin, Texas 78757, telephone (512) 458-0100.

Filed: April 14, 1980, 4:21 p.m.
Doc. No. 802761

Wednesday, June 4, 1980, 10 a.m. The Hearings Division of the Public Utility Commission of Texas will meet in Suite 450N, 7800 Shoal Creek Boulevard, Austin, to conduct a hearing in Docket 3110—application of Eagle Canyon Water Works, Inc., for a rate increase within McLennan County.

Additional information may be obtained from Philip F. Ricketts, 7800 Shoal Creek Boulevard, Suite 450N, Austin, Texas 78757, telephone (512) 458-0100.

Filed: April 14, 1980, 4:21 p.m.
Doc. No. 802762

Texas Southern University

Wednesday, April 30, 1980, 9:30 a.m. The Finance Committee of the Board of Regents of Texas Southern University will meet in Hannah Hall 117, Texas Southern University, Houston. According to the agenda, a routine meeting will be conducted to consider monthly financial reports from the administration.

Additional information may be obtained from Everett O. Bell, 3201 Wheeler Avenue, Houston, Texas 77004, telephone (713) 529-8911.

Filed: April 18, 1980, 10:14 a.m.
Doc No 802881

Wednesday, April 30, 1980, 1:30 p.m. The Building and Grounds Committee of the Board of Regents of Texas Southern University will meet in Hannah Hall 117, Texas Southern University, 3201 Wheeler Avenue, Houston. According to the agenda, the committee will consider approval of contracts for payment, acquisition of real estate, and the awarding of contracts.

Additional information may be obtained from Everett O. Bell, 3201 Wheeler Avenue, Houston, Texas 77004, telephone (713) 529-8911.

Filed: April 18, 1980, 10:14 a.m.
Doc. No. 802882

Wednesday, April 30, 1980, 3 p.m. The Faculty and Curriculum Committee of the Board of Regents of Texas Southern University will meet in Hannah Hall 117, Texas Southern University, 3201 Wheeler Avenue, Houston. According to the agenda, a routine meeting will be conducted to receive enrollment and curricula data from the administration.

Additional information may be obtained from Everett O. Bell, 3201 Wheeler Avenue, Houston, Texas 77004, telephone (713) 529-8911.

Filed: April 18, 1980, 10:14 a.m.
Doc No 802883

Thursday, May 1, 1980, 10 a.m. The Board of Regents of Texas Southern University will meet in Room 203 of the Student Life Center, Texas Southern University, 3201 Wheeler Avenue, Houston. According to the agenda, the board will consider fiscal and curriculum reports from the administration and approve short-term investments as recommended by the Finance Committee.

Additional information may be obtained from Everett O. Bell, 3201 Wheeler Avenue, Houston, Texas 77004, telephone (713) 529-8911.

Filed: April 18, 1980, 10:13 a.m.
Doc. No. 802880

Texas Tourist Development Agency

Friday, May 9, 1980, 9 a.m. The Texas Tourist Development Agency Board will meet at the Sheraton El Paso Hotel, El Paso. According to the agenda summary, the board will con-

sider the following: the fiscal 1980 budget and marketing plan; fiscal 1981 budget; adoption of autumn 1980 media plan; adoption of fiscal 1982-83 budget request; tentative plan for 67th Texas Legislative Session; and the tentative plan for TourCon XV.

Additional information may be obtained from Margaret Younger, Box 12008, Austin, Texas, telephone (512) 475-4326.

Filed: April 15, 1980, 9:22 a.m.
Doc No 802786

Veterans Land Board

Tuesday, April 29, 1980, 2 p.m. The Veterans Land Board will meet in the Stephen F. Austin Building, Austin, to consider the following: minutes of April 15, 1980, board meeting; awarding sale of bonds; adoption of bond resolution; issuance of bonds and execution and delivery of official statement; bids received at the April 1, 1980, oil and gas lease sale (Veterans Land Board Accounts 12941, 14571, and 13184, Reeves County); and board policy.

Additional information may be obtained from Richard Keahey, Stephen F. Austin Building, Room 738, Austin, Texas 78701.

Filed: April 17, 1980, 3:19 p.m.
Doc. No. 802865

Texas Water Commission

Tuesday, April 29, 1980, 10 a.m. The Texas Water Commission will meet in Room 118 of the Stephen F. Austin Building, 1700 North Congress Avenue, Austin. According to the agenda summary, the commission will conduct a hearing on an application by Conservation Services, Inc., for a temporary order to authorize the discharge of up to 6,000 gallons per minute of storm water presently contained in Field 2 of the landfarm facility located in Jefferson County, pursuant to Permit 39037.

Additional information may be obtained from Mary Ann Hefner, P.O. Box 13087, Austin, Texas 78711, telephone (512) 475-4514.

Filed: April 17, 1980, 3:41 p.m.
Doc. No. 802870

Friday, May 2, 1980, 10 a.m. The Texas Water Commission will conduct public hearings in Council Chambers of City Hall, 501 West Davis, Conroe. According to the summarized agendas, the commission will consider the following applications:

Hugh Bauer of Point Blank (doing business as Stop and Shop), for a permit to authorize a discharge of 25,000 gallons per day of treated domestic sewage effluent from a treatment facility which will serve as a motel and restaurant, located east of the community of Point Blank on U.S. Highway 190, San Jacinto County.

Conroe Independent School District (Stephen F. Austin Elementary School), Conroe for a permit to authorize a discharge of 7,200 gallons per day of treated domestic sewage effluent from the plant which is located on the

grounds of Stephen F. Austin Elementary School in the City of Cut N' Shoot, Montgomery County.

Additional information may be obtained from John Sutton, P.O. Box 13087, Austin, Texas 78711, telephone (512) 475-1468.

Filed: April 14, 1980, 4:27 p.m.
Doc Nos 802764-802765

Tuesday, May 6, 1980, 10 a.m. The Texas Water Commission will conduct a hearing in Room 118, Stephen F. Austin Building, 1700 North Congress Avenue, Austin. According to the agenda summary, the commission will consider a petition for creation by Willow Chase Municipal Utility District which will contain 135.3270 acres of land located in Harris County.

Additional information may be obtained from Mary Ann Hefner, P.O. Box 13087, Austin, Texas 78711, telephone (512) 475-4514.

Filed: April 16, 1980, 2:43 p.m.
Doc No. 802831

Wednesday, May 7, 1980, 9 a.m. The Texas Water Commission will meet in Room 119 of the Stephen F. Austin Building, 1700 North Congress Avenue, Austin. According to the agenda summary, the commission will conduct a hearing on an application by Corrugated Services, Inc., Forney, for a permit to authorize the disposal of industrial process generated wastewater and a variable amount of rainfall at a volume not to exceed 11 million gallons per year from the paper recycling plant located on the south side of IH 20, Kaufman County.

Additional information may be obtained from John Sutton, P.O. Box 13087, Austin, Texas 78711, telephone (512) 475-1468.

Filed: April 14, 1980, 4:30 p.m.
Doc No 802766

Wednesday, May 7, 1980, 10 a.m. The Texas Water Commission will conduct public hearings in the meeting room of the Rollings Hills Water Treatment Plant, 2500 Southeast Loop 820, Fort Worth. According to the summarized agendas, the commission will consider the following applications:

C. L. Cavness (doing business as Cavness Hog Farm in Weatherford) for a permit to authorize disposal of agricultural wastes from a confined feeding operation for swine located on the north side of a county road, approximately six miles west of Azle, Parker County.

City of Newark for a renewal of Permit 11626 which authorizes a discharge of treated domestic sewage effluent at a volume not to exceed an average flow of 150,000 gallons per day from the treatment facilities located on the east bank of Derrett Creek, immediately south of the Newark Beach Road Bridge, Wise County.

Additional information may be obtained from David Hume, P.O. Box 13087, Austin, Texas 78711, telephone (512) 475-2711.

Filed: April 14, 1980, 4:28 p.m.
Doc. Nos. 802767-802768

Wednesday, May 7, 1980, 10 a.m. The Texas Water Commission will conduct a public hearing in Room 118 of the Stephen F. Austin Building, 1700 North Congress Avenue, Austin, to consider an application by U.S. Industrial Chemicals Company for an order pursuant to Section 26.019 of the Texas Water Code to authorize the intermittent discharge of mixed storm water runoff and process wastewater in an amount variable with rainfall through a new Outfall 003 under construction at the Houston plant, located approximately one mile north of the intersection of Miller Cutoff Road with State Highway 225 in Harris County.

Additional information may be obtained from Mary Ann Hefner, P.O. Box 13087, Austin, Texas 78711, telephone (512) 475-4514.

Filed: April 17, 1980, 3:41 p.m.
Doc. No 802871

Wednesday, May 21, 1980, 10 a.m. The Texas Water Commission will conduct a hearing in the Stephen F. Austin Building, 1700 North Congress Avenue, Austin, regarding application ACF-71D of the City of Houston for an amendment to Certified Filing 71, to authorize an additional diversion point on the right, or west bank of Trinity River in Liberty County.

Additional information may be obtained from Mary Ann Hefner, P.O. Box 13087, Austin, Texas 78711, telephone (512) 475-4514.

Filed: April 14, 1980, 4:26 p.m.
Doc No. 802769

Regional Agencies

Meetings Filed April 17, 1980

The MH/MR Regional Center of East Texas, Board of Trustees, will meet in the board room, 2323 West Front, Tyler, on April 24, 1980, at 4 p.m. Further information may be obtained from Richard J. DeSanto, 2323 West Front, Tyler, Texas 75712, telephone (214)597-1351.

Doc. No. 802872

Meetings Filed April 18, 1980

The Central Texas Council of Governments, Executive Committee, met at 302 East Central in Belton on April 24, 1980, at 10:30 a.m. Further information may be obtained from Shelley Hottel, P.O. Box 729, Belton, Texas 76513, telephone (817) 939-1801.

The Lower Rio Grande Valley Development Council, Membership and Board of Directors, met at the Harlingen Chamber of Commerce, 311 East Tyler, Harlingen, on April 24, 1980, at 2 p.m. Further information may be obtained from Robert A. Chandler, Suite 207, First National Bank Building, McAllen, Texas 78501, telephone (512) 682-3481.

The Lubbock Regional MH/MR Center, met at 1210 Texas Avenue in Lubbock on April 22, 1980, at 4:30 p.m. Further information may be obtained from Gene Menefee, 1210 Texas Avenue, Lubbock, Texas 79401, telephone (806) 763-4213.

Doc No 802886

Texas Health Facilities Commission

Applications for Declaratory Ruling, Exemption Certificate, and Transfer and Amendment of Certificate

Notice is hereby given by the Texas Health Facilities Commission of application (including a general project description) for declaratory ruling, exemption certificate, transfer of certificate, and amendment of certificate accepted during the period of April 11-16, 1980.

Should any person wish to become a formal party to any of the above-stated applications, that person must file a request to become a party to the application with the chairman of the commission within 25 days after the application is accepted. The first day for calculating this 25-day period is the first calendar day following the date of acceptance of the application. The 25th day will expire at 5 p.m. on the 25th consecutive day after the date said application is accepted. If the 25th day is a Saturday, Sunday, or state holiday, the last day shall be extended to 5 p.m. of the next day that is not a Saturday, Sunday, or state holiday. A request to become a party should be mailed to the chairman of the commission, P.O. Box 15023, Austin, Texas 78761, and must be received at the commission no later than 5 p.m. of the last day allowed for filing of a request to become a party.

The contents and form of a request to become a party to an application for a declaratory ruling, exemption certificate, transfer of certificate, or amendment of certificate must meet the minimum criteria set out in Rule 315.20.01.050. Failure of a party to supply the minimum necessary information in the correct form will result in a defective request to become a party and such application will be considered uncontested.

The fact that an application is uncontested will not mean that it will be approved. The application will be approved only if the commission determines that it qualifies under the criteria of Sections 3.02 or 3.03 of Article 4418(h), Texas Revised Civil Statutes, and Rules 315.17.04.010-.030, 315.17.05.010-.030, 315.18.04.010-.030, and 315.18.05.010-.030.

In the following list, the applicant and date of acceptance are listed first, the file number second, the relief sought third, and description of the project fourth. EC indicates exemption certificate, DR indicates declaratory ruling, TR indicates transfer of ownership of certificate, AMD indicates amendment of certificate, and CN indicates certificate of need.

St. Joseph Hospital, Houston (4/16/80)
AH78-1013-020A (041080)

AMD/CN—To amend CN AH78-1013-020 to construct a free-standing surgical training laboratory to allow a \$50,000 cost increase and extend the completion deadline to September 8, 1980

Longview Regional Hospital, Longview (4/16/80)
AH78-0125-001A (040980)

AMD/CN—To amend CN AH78-0125-001, to construct a 100-bed general acute care hospital, to allow a cost increase of \$229,000

Torbett-Hutchings-Smith Memorial Hospital,
Marlin (4/16/80)

AH80-0401-021

EC—Energy conservation project consisting of

replacing incandescent lights with fluorescents installation solar film on windows, mechanical changes to reduce heating and adjustments in kitchen area, install variable pump flow for water tower, and provide variable air flows

Mid-Jefferson County Hospital, Nederland (4/16/80)
AH80-0410-010

EC—To acquire an automated mini-centrifugal analyzer and loader (Gemeni II) for the existing chemistry lab

Medical Center of Winnie, Winnie (4/16/80)
AH80-0410-015

EC—To acquire an automated mini-centrifugal analyzer and loader (Gemeni II) for the existing chemistry lab

Odessa Women's and Children's Hospital,
Odessa (4/16/80)

AH80-0410-005

EC—To acquire an automated mini-centrifugal analyzer and loader (Gemeni II) for the existing chemistry lab

Alvin Community Hospital, Alvin (4/16/80)
AH80-0410-001

EC—To acquire an automated mini-centrifugal analyzer (Gemeni II) for the existing chemistry lab

Lockney General Hospital, Lockney (4/16/80)
AH80-0414-012

EC—Construction of a library/meeting room containing 326.35 square feet to be attached to the existing facility

St. John's Hospital, San Angelo (4/16/80)
AH80-0414-002

DR—That neither a CN nor an EC is required to designate 34 existing medical/surgical beds as "short-term" acute care beds rather than "long-term" beds, for Hill-Burton reporting purposes

Southern Manor Nursing Home No. 2,
San Antonio (4/16/80)

AN76-0614-016A (041480)

AMD/EC—To amend the completion deadline in EC AN76-0614-016 to change classification of 44 beds from ICF-III to skilled level in an existing 164 bed ICF-III facility, to a date three months from the approval of this application

Issued in Austin, Texas, on April 16, 1980.

Doc. No. 802863

O. A. Cassity III

Director of Hearings

Texas Health Facilities Commission

Filed: April 17, 1980, 11:45 a.m.

For further information, please call (512) 475-6940.

State Property Tax Board

Consultant Proposal Request

Description of Project. The State Property Tax Board, under Section 11.86, Education Code, is statutorily called upon to conduct a school district market value study. In connection with this study, the board desires the assistance of a person in identifying and analyzing procedures used by appraisal companies and tax offices in the appraisal of mineral, utility, and industrial properties for the purpose of conduct-

ing a study of selected properties to arrive at an estimated market value for the mineral, utility, and industrial properties. The person would be expected to meet the following:

- (1) be available to the board on a daily basis for at least 90 days after the letting of the contract;
- (2) identify for the board staff the procedures used by appraisal companies and tax offices in the valuation of mineral, utility, and industrial properties;
- (3) render to the board staff an opinion as to the percentage of market value which is indicated by the appraisal company or tax office appraisal;
- (4) work with the board staff and its data base in developing market values for mineral, utility, and industrial properties.

Funding. This contract will expire August 31, 1980, and is budgeted for \$22,500.

Selection Criteria. The person selected to work with the board should:

- (1) have at least 20 years practical experience in property valuation with a demonstrated capability in the appraisal and valuation of mineral, utility, and industrial properties;
- (2) have an exhibited broad working concept of tax jurisdictions and tax office operations through participation in other valuation studies;
- (3) exhibit a basic understanding of mineral, utility, and industrial properties and the industries they represent;
- (4) exhibit the ability to communicate concisely in either written or oral fashion so as to facilitate working with the board staff in conducting the study.

Contact Person. Those who would like to be considered for the study or who would like further details should contact Dr. Lonnie Jones, associate director for Valuation Division, State Property Tax Board, P.O. Box 15900, Austin, Texas 78761. All proposals should be submitted to Dr. Jones by May 19, 1980, in written form.

Issued in Austin, Texas, on April 17, 1980.

Doc No. 802861 Walter E. Lillie
 General Counsel
 State Property Tax Board

Filed: April 17, 1980, 11:25 a.m.

For further information, please call (512) 837-8622.

Railroad Commission of Texas

Notice of Hearing—Clarification

(Clarification of Notice of Hearing to consider Evidence Concerning Commission Recommendations to the Federal Energy Regulatory Commission concerning the Designation of Tight Gas Formations in Texas)

On April 1, 1980, a notice of hearing to consider evidence concerning Railroad Commission recommendations to the Federal Energy Regulatory Commission concerning designation of tight gas formations in Texas was published in the *Texas Register*. Questions and comments have been received by the commission concerning that notice.

The following are revisions and clarifications of the evidence required to be submitted in support of tight formation recommendations prior to the hearing scheduled for May 20, 1980. The item numbers below correspond to those used in the notice.

(1) The map to be submitted must outline the areal extent of the formation or portion of the formation being recommended. The map should also locate all wells that have both produced from the formation and are being used as control points in gathering the necessary data. In the form of a list or on the map, all wells that have produced natural gas from the formation must be identified. The depth at which these wells encounter the formation and their perforated interval in the formation should be indicated. It is requested that wells which are potential candidates for the Section 107 incentive price (wells spudded after July 16, 1979) be identified.

(2) An expected average stabilized gas production rate before stimulation for wells in the formation must be provided.

(a) This rate should be determined based on production against one atmosphere of pressure (14.73 psi).

(b) If this average is not calculated from stabilized flow rates, a statement to that effect should be made.

(3 and 4) True vertical depth and directional surveys need not be provided.

(5) The maximum anticipated oil production rate should be estimated by the most reliable means available. Oil production rates arrived at by a potential test, GOR calculations, fluid analysis, or other similar methods are acceptable.

(a) Note FERC's definition of crude oil.

(b) FERC has indicated that this rate shall be the expected oil production rate before stimulation.

(6) Electric well log segments need not be provided.

(7) The estimated average in situ gas permeability of the pay section of the formation, or portion thereof, calculated from the results of one or more of the following must be submitted:

(a) core test;

(b) flow test;

(c) electric log calculations;

(d) other appropriate methods.

(8) If the in situ gas permeability is not reasonably estimated to be less than 0.1 millidarcy, a statement, with supporting calculations, of the anticipated impact of efforts to stimulate production is required.

(a) A description of and an estimate of expenditures for the method used or contemplated, signed by the service company representative who planned the job, must be provided.

(b) The expected production after stimulation expressed in flow rates of gas and oil, and the percentage of increase shall be noted.

The gas and oil production rates and gas permeability values are to be based on the best available geological and engineering information. A description of the sampling method or other methods used to arrive at the estimates must be provided.

No participation other than the formal offering of prefiled written material under oath will be required at the hearing unless the examiners desire clarification of the materials or additional information to make the record complete. All data and supporting explanations must be submitted in written form by May 13, 1980.

Issued in Austin, Texas, on April 17, 1980.

Doc. No. 802844 Elizabeth Mavropoulos
 Secretary
 Railroad Commission of Texas

Filed: April 17, 1980, 8:28 a.m.

For further information, please call (512) 445-1278.

May, June, and July Publication Schedule for the *Texas Register*

Listed below are the deadline dates for the May, June, and July issues of the *Texas Register*. Because of printing schedules, material received after the deadline for an issue cannot be published until the next issue. Generally, deadlines for a Tuesday edition of the *Register* are Wednesday and Thursday of the week preceding publication, and deadlines for a Friday edition are Friday of the preceding week and Monday of the week of publication. An asterisk beside a publication date indicates that the deadlines have been moved because of state holidays. Please note that the issue published on July 29 will be an index; no other material will be published in this issue. The *Texas Register* will not be published on May 30.

| FOR ISSUE PUBLISHED ON: | ALL COPY EXCEPT NOTICES OF OPEN MEETINGS BY NOON ON: | ALL NOTICES OF OPEN MEETINGS BY NOON ON: |
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| Friday, May 2 Tuesday, May 6 Friday, May 9 Tuesday, May 13 Friday, May 16 Tuesday, May 20 Friday, May 23 Tuesday, May 27 Friday, May 30 | Friday, April 25 Wednesday, April 30 Friday, May 2 Wednesday, May 7 Friday, May 9 Wednesday, May 14 Friday, May 16 Wednesday, May 21 NO ISSUE PUBLISHED | Monday, April 28 Thursday, May 1 Monday, May 5 Thursday, May 8 Monday, May 12 Thursday, May 15 Monday, May 19 Thursday, May 22 |
| Tuesday, June 3 Friday, June 6 Tuesday, June 10 Friday, June 13 Tuesday, June 17 Friday, June 20 *Tuesday, June 24 Friday, June 27 | Wednesday, May 28 Friday, May 30 Wednesday, June 4 Friday, June 6 Wednesday, June 11 Friday, June 13 Tuesday, June 17 Friday, June 20 | Thursday, May 29 Monday, June 2 Thursday, June 5 Monday, June 9 Thursday, June 12 Monday, June 16 Wednesday, June 18 Monday, June 23 |
| Tuesday, July 1 Friday, July 4 Tuesday, July 8 *Friday, July 11 Tuesday, July 15 Friday, July 18 Tuesday, July 22 Friday, July 25 Tuesday, July 29 | Wednesday, June 25 Friday, June 27 Wednesday, July 2 Thursday, July 3 Wednesday, July 9 Friday, July 11 Wednesday, July 16 Friday, July 18 2ND QUARTERLY INDEX | Thursday, June 26 Monday, June 30 Thursday, July 3 Monday, July 7 Thursday, July 10 Monday, July 14 Thursday, July 17 Monday, July 21 |

The following state holidays fall within the period of this publication schedule:

- Monday, May 26 Memorial Day
- Thursday, June 19 Emancipation Day
- Friday, July 4 Independence Day

The *Texas Register* Division will, as all other state agencies, observe these holidays and will not process or file notices of meetings or other documents.

TAC Titles Affected in This Issue

The following is a list of the chapters of each title of the *Texas Administrative Code* affected by documents published in this issue of the *Register*. The listings are arranged in the same order as the table of contents of the *Texas Administrative Code*.

TITLE 16. ECONOMIC REGULATION

Part I. Railroad Commission of Texas

Noncodified (051.02.02.008) 1578

TITLE 22. EXAMINING BOARDS

Part XXI. Texas State Board of Examiners of Psychologists

Noncodified (400.01.00.002) 1577

Noncodified (400.01.00.010) 1577

Noncodified (400.02.00.008) 1581

Noncodified (400.02.00.010) 1577

Noncodified (400.03.00.007) 1578

Noncodified (400.03.00.012) 1578

TITLE 28. INSURANCE

Part I. State Board of Insurance

Noncodified (059.03.50.001, .011) 1579

TITLE 34. PUBLIC FINANCE

Part I. Comptroller of Public Accounts

34 TAC §§3.214, 3.215 (026.02.14.104, .115, .105) . 1554

Table of TAC Titles

| |
|--|
| TITLE 1. ADMINISTRATION |
| TITLE 4. AGRICULTURE |
| TITLE 7. BANKING AND SECURITIES |
| TITLE 10. COMMUNITY DEVELOPMENT |
| TITLE 13. CULTURAL RESOURCES |
| TITLE 16. ECONOMIC REGULATION |
| TITLE 19. EDUCATION |
| TITLE 22. EXAMINING BOARDS |
| TITLE 25. HEALTH SERVICES |
| TITLE 28. INSURANCE |
| TITLE 31. NATURAL RESOURCES AND CONSERVATION |
| TITLE 34. PUBLIC FINANCE |
| TITLE 37. PUBLIC SAFETY AND CORRECTIONS |
| TITLE 40. SOCIAL SERVICES AND ASSISTANCE |
| TITLE 43. TRANSPORTATION |