

By: Raney

H.B. No. 1994

A BILL TO BE ENTITLED

AN ACT

relating to an exemption from ad valorem taxation of a percentage of the appraised value of the tangible personal property a person owns that consists of inventory held for sale at retail.

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

ARTICLE 1. PROVISIONS APPLICABLE BEGINNING WITH 2024 TAX YEAR

SECTION 1.01. Subchapter B, Chapter 11, Tax Code, is amended by adding Section 11.36 to read as follows:

Sec. 11.36. RETAIL INVENTORY. (a) A person is entitled to an exemption from taxation of the following percentages of the appraised value of the tangible personal property the person owns that consists of inventory held for sale at retail and for which the person is not otherwise entitled to an exemption from taxation:

(1) for the 2024 tax year, 20 percent of the appraised value of the inventory; and

(2) for the 2025 tax year, 50 percent of the appraised value of the inventory.

(b) This section expires January 1, 2026.

SECTION 1.02. This article applies only to the 2024 and 2025 ad valorem tax years.

SECTION 1.03. This article takes effect January 1, 2024, but only if the constitutional amendment proposed by the 88th Legislature, Regular Session, 2023, to authorize the legislature to exempt from ad valorem taxation a percentage of the market value of

1 the tangible personal property a person owns that consists of
2 inventory held for sale at retail is approved by the voters. If
3 that amendment is not approved by the voters, this article has no
4 effect.

5 ARTICLE 2. PROVISIONS APPLICABLE BEGINNING WITH 2026 TAX YEAR

6 SECTION 2.01. Subchapter B, Chapter 11, Tax Code, is
7 amended by adding Section 11.36 to read as follows:

8 Sec. 11.36. RETAIL INVENTORY. A person is entitled to an
9 exemption from taxation of 75 percent of the appraised value of the
10 tangible personal property the person owns that consists of
11 inventory held for sale at retail and for which the person is not
12 otherwise entitled to an exemption from taxation.

13 SECTION 2.02. This article applies to an ad valorem tax year
14 that begins on or after January 1, 2026.

15 SECTION 2.03. This article takes effect January 1, 2026,
16 but only if the constitutional amendment proposed by the 88th
17 Legislature, Regular Session, 2023, to authorize the legislature to
18 exempt from ad valorem taxation a percentage of the market value of
19 the tangible personal property a person owns that consists of
20 inventory held for sale at retail is approved by the voters. If
21 that amendment is not approved by the voters, this article has no
22 effect.