

By: Guillen, Kacal, Ashby, Lopez of Cameron

H.B. No. 3241

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the exemption from ad valorem taxation of certain
3 assets used for agricultural production and to the authority of a
4 county commissioners court to adopt an exemption from ad valorem
5 taxation by each taxing unit that taxes the property of the portion
6 of the appraised value of a person's property that is attributable
7 to the installation in or on the property of certain water
8 conservation systems.

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

10 SECTION 1. Subchapter B, Chapter 11, Tax Code, is amended by
11 adding Section 11.162 to read as follows:

12 Sec. 11.162. FARM PRODUCTION INPUTS. (a) A producer is
13 entitled to an exemption from taxation of any resources that the
14 producer utilizes for the purpose of production.

15 (b) Farm production inputs in the hands of the producer are
16 exempt.

17 (c) For purposes of this exemption, the following
18 definitions apply:

19 (1) "Farm production inputs" include seeds, weaned
20 animals, fertilizer, pesticides, feed, and any other resources that
21 are necessary to produce crops, fruit, flowers, and other products
22 of the soil or farm products as defined by Section 11.16.

23 (2) "In the hands of the producer" means under the
24 ownership of the person who is utilizing farm production inputs

1 such as seeds, weaned animals, fertilizer, pesticides, feed, and
2 any resources necessary to begin production, on January 1 of the tax
3 year, for the purpose of producing crops, fruits, flowers, and
4 other products of the soil or farm products as defined by Section
5 11.16.

6 SECTION 2. Subchapter B, Chapter 11, Tax Code, is amended by
7 adding Section 11.325 to read as follows:

8 Sec. 11.325. WATER CONSERVATION SYSTEMS. (a) In this
9 section, "graywater" has the meaning assigned by Section 341.039,
10 Health and Safety Code.

11 (b) The commissioners court of a county by order may adopt
12 an exemption from taxation of the portion of the appraised value of
13 a person's property that is attributable to the installation in or
14 on the property of a rainwater harvesting or graywater system. An
15 exemption adopted by a commissioners court under this section
16 applies to the taxation of property by each taxing unit that taxes
17 the property.

18 SECTION 3. Section 11.325, Tax Code, as added by this Act,
19 applies only to ad valorem taxes imposed for a tax year that begins
20 on or after January 1, 2024.

21 SECTION 4. (a) Except as provided by Subsection (b) of this
22 section, this Act takes effect September 1, 2023.

23 (b) Section 11.325, Tax Code, as added by this Act, takes
24 effect January 1, 2024, but only if the constitutional amendment to
25 authorize the commissioners court of a county to exempt from ad
26 valorem taxation by each political subdivision that taxes the
27 property the portion of the assessed value of a person's property

1 that is attributable to the installation in or on the property of a
2 rainwater harvesting or graywater system is approved by the voters.
3 If that amendment is not approved by the voters, Section 11.325, Tax
4 Code, as added by this Act, has no effect.