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H.B. No. 9

A BILL TO BE ENTITLED

AN ACT

relating to an exemption from ad valorem taxation of a portion of
the appraised value of tangible personal property a person owns
that is held or used for the production of income.

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

ARTICLE 1. PROVISIONS CONTINGENT ON CONSTITUTIONAL AMENDMENT

SECTION 1.01. The heading to Section 11.145, Tax Code, is
amended to read as follows:

Sec. 11.145. INCOME-PRODUCING TANGIBLE PERSONAL PROPERTY
~~[HAVING VALUE OF LESS THAN \$2,500].~~

SECTION 1.02. Section 11.145(a), Tax Code, is amended to
read as follows:

(a) A person is entitled to an exemption from taxation of
\$250,000 of the appraised value of tangible personal property the
person owns that is held or used for the production of income ~~[if~~
~~that property has a taxable value of less than \$2,500].~~

SECTION 1.03. Section 22.01, Tax Code, is amended by adding
Subsection (j-1) to read as follows:

(j-1) A person is required to render tangible personal
property the person owns that is held or used for the production of
income only if, in the person's opinion, the aggregate market value
of the property in at least one taxing unit that participates in the
appraisal district is greater than the amount exempted under
Section 11.145(a). A person required to render property for

1 taxation under this subsection must render all tangible personal
2 property the person owns that is held or used for the production of
3 income and has taxable situs in the appraisal district. This
4 subsection does not apply to property exempt from taxation under a
5 provision of law other than Section 11.145.

6 SECTION 1.04. The changes in law made by this article apply
7 only to an ad valorem tax year that begins on or after January 1,
8 2025.

9 ARTICLE 2. PROVISIONS NOT CONTINGENT ON CONSTITUTIONAL AMENDMENT

10 SECTION 2.01. Section 26.01, Tax Code, is amended by adding
11 Subsections (a-2) and (a-3) to read as follows:

12 (a-2) This subsection applies only to the appraisal roll for
13 a taxing unit for the 2025 tax year. When the chief appraiser
14 delivers the appraisal roll to the assessor for the taxing unit, the
15 chief appraiser shall include a provisional appraisal roll to
16 account for the changes in law attributable to the constitutional
17 amendment proposed by the 89th Legislature, Regular Session, 2025,
18 to authorize the legislature to exempt from ad valorem taxation a
19 portion of the market value of tangible personal property a person
20 owns that is held or used for the production of income, as if those
21 changes were in effect. If the chief appraiser delivers a
22 supplemental appraisal roll or correction to the appraisal roll to
23 the assessor for the taxing unit before that constitutional
24 amendment takes effect, the chief appraiser shall include
25 provisional appraisal roll entries to account for the changes in
26 law attributable to that constitutional amendment. If that
27 constitutional amendment takes effect:

1 (1) on the date that constitutional amendment takes
2 effect, the provisional appraisal roll, as supplemented and
3 corrected, becomes the appraisal roll for the taxing unit; and

4 (2) as soon as practicable after that date, the chief
5 appraiser shall correct the taxing unit's appraisal roll as
6 necessary to finally account for the changes in law attributable to
7 that constitutional amendment.

8 (a-3) This subsection and Subsection (a-2) expire December
9 31, 2026.

10 SECTION 2.02. Section 26.04, Tax Code, is amended by adding
11 Subsections (a-1) and (c-1) to read as follows:

12 (a-1) On receipt of the appraisal roll for the 2025 tax
13 year, the assessor for a taxing unit shall determine the total
14 taxable value of property taxable by the taxing unit and the taxable
15 value of new property as if the changes in law attributable to the
16 constitutional amendment proposed by the 89th Legislature, Regular
17 Session, 2025, to authorize the legislature to exempt from ad
18 valorem taxation a portion of the market value of tangible personal
19 property a person owns that is held or used for the production of
20 income were in effect for that tax year. This subsection expires
21 December 31, 2026.

22 (c-1) An officer or employee designated by the governing
23 body of a taxing unit shall calculate the no-new-revenue tax rate
24 and the voter-approval tax rate of the taxing unit for the 2025 tax
25 year as if the changes in law attributable to the constitutional
26 amendment proposed by the 89th Legislature, Regular Session, 2025,
27 to authorize the legislature to exempt from ad valorem taxation a

portion of the market value of tangible personal property a person owns that is held or used for the production of income were in effect for that tax year. This subsection expires December 31, 2026.

SECTION 2.03. Chapter 26, Tax Code, is amended by adding Section 26.0401 to read as follows:

Sec. 26.0401. CALCULATION OF CERTAIN TAX RATES FOR 2025 TAX YEAR. (a) For the purposes of calculating the no-new-revenue tax rate, the voter-approval tax rate, and any related tax rate for the 2025 tax year, a taxing unit that calculates those rates under a provision of law other than Section 26.04 or 26.08 shall calculate those rates as if the changes in law attributable to the constitutional amendment proposed by the 89th Legislature, Regular Session, 2025, to authorize the legislature to exempt from ad valorem taxation a portion of the market value of tangible personal property a person owns that is held or used for the production of income were in effect for that tax year.

(b) This section expires December 31, 2026.

SECTION 2.04. Section 26.08, Tax Code, is amended by adding Subsection (q) to read as follows:

(q) For purposes of this section, the voter-approval tax rate of a school district for the 2025 tax year shall be calculated as if the changes in law attributable to the constitutional amendment proposed by the 89th Legislature, Regular Session, 2025, to authorize the legislature to exempt from ad valorem taxation a portion of the market value of tangible personal property a person owns that is held or used for the production of income were in

1 effect for that tax year. This subsection expires December 31,
2 2026.

3 SECTION 2.05. Section 26.09, Tax Code, is amended by adding
4 Subsection (c-1) to read as follows:

5 (c-1) The assessor for a taxing unit shall calculate the
6 amount of tax imposed by the taxing unit on the tangible personal
7 property a person owns that is held or used for the production of
8 income for the 2025 tax year as if the changes in law attributable
9 to the constitutional amendment proposed by the 89th Legislature,
10 Regular Session, 2025, to authorize the legislature to exempt from
11 ad valorem taxation a portion of the market value of tangible
12 personal property a person owns that is held or used for the
13 production of income were in effect for that tax year and also as if
14 the changes in law attributable to that constitutional amendment
15 were not in effect for that tax year. This subsection expires
16 December 31, 2026.

17 SECTION 2.06. Section 26.15, Tax Code, is amended by adding
18 Subsection (h) to read as follows:

19 (h) The assessor for a taxing unit shall correct the tax
20 roll for the taxing unit for the 2025 tax year to reflect the
21 results of the election to approve the constitutional amendment
22 proposed by the 89th Legislature, Regular Session, 2025, to
23 authorize the legislature to exempt from ad valorem taxation a
24 portion of the market value of tangible personal property a person
25 owns that is held or used for the production of income. This
26 subsection expires December 31, 2026.

27 SECTION 2.07. Section 31.01, Tax Code, is amended by adding

Subsections (d-2), (d-3), (d-4), and (d-5) to read as follows:

(d-2) This subsection and Subsections (d-3) and (d-4) apply only to taxes imposed by a taxing unit on the tangible personal property a person owns that is held or used for the production of income for the 2025 tax year and only if the changes in law attributable to the constitutional amendment proposed by the 89th Legislature, Regular Session, 2025, to authorize the legislature to exempt from ad valorem taxation a portion of the market value of tangible personal property a person owns that is held or used for the production of income would lower the taxes imposed by the taxing unit on the property for that tax year. The assessor for the taxing unit shall compute the amount of taxes imposed and the other information required by this section as if the changes in law attributable to that constitutional amendment were in effect for that tax year. The tax bill or the separate statement must indicate that the bill is a provisional tax bill and include a statement in substantially the following form:

"If the Texas Legislature had not enacted property tax relief legislation during the 2025 legislative session, your tax bill would have been \$_____ (insert amount of tax bill if the changes in law attributable to the constitutional amendment proposed by the 89th Legislature, Regular Session, 2025, to authorize the legislature to exempt from ad valorem taxation a portion of the market value of tangible personal property a person owns that is held or used for the production of income were not in effect for that tax year). Because of action by the Texas Legislature, your tax bill has been lowered by \$_____ (insert difference between

amount of tax bill if the changes in law attributable to that constitutional amendment were not in effect for that tax year and amount of tax bill if the changes in law attributable to that constitutional amendment were in effect for that tax year), resulting in a lower tax bill of \$_____ (insert amount of tax bill if the changes in law attributable to that constitutional amendment were in effect for that tax year), contingent on the approval by the voters at an election to be held November 4, 2025, of the constitutional amendment proposed by the 89th Legislature, Regular Session, 2025, to authorize the legislature to exempt from ad valorem taxation a portion of the market value of tangible personal property a person owns that is held or used for the production of income. If that constitutional amendment is not approved by the voters at the election, a supplemental tax bill in the amount of \$_____ (insert difference between amount of tax bill if the changes in law attributable to that constitutional amendment were not in effect for that tax year and amount of tax bill if the changes in law attributable to that constitutional amendment were in effect for that tax year) will be mailed to you."

(d-3) A tax bill prepared by the assessor for a taxing unit as provided by Subsection (d-2) and mailed as provided by Subsection (a) is considered to be a provisional tax bill until the canvass of the votes on the constitutional amendment proposed by the 89th Legislature, Regular Session, 2025, to authorize the legislature to exempt from ad valorem taxation a portion of the market value of tangible personal property a person owns that is held or used for the production of income. If that constitutional

amendment is approved by the voters, the tax bill is considered to be a final tax bill for the taxes imposed on the property for the 2025 tax year, and no additional tax bill is required to be mailed unless another provision of this title requires the mailing of a corrected tax bill. If that constitutional amendment is not approved by the voters:

(1) a tax bill prepared by the assessor as provided by Subsection (d-2) is considered to be a final tax bill but only as to the portion of the taxes imposed on the property for the 2025 tax year that is included in the bill;

(2) the amount of taxes imposed by each taxing unit on the tangible personal property a person owns that is held or used for the production of income for the 2025 tax year is calculated as if the changes in law attributable to that constitutional amendment were not in effect for that tax year; and

(3) except as provided by Subsections (f), (i-1), and (k), the assessor for each taxing unit shall prepare and mail a supplemental tax bill, by December 1 or as soon thereafter as practicable, in an amount equal to the difference between the amount of the tax bill if the changes in law attributable to that constitutional amendment were not in effect for that tax year and the amount of the tax bill if the changes in law attributable to that constitutional amendment were in effect for that tax year.

(d-4) Except as otherwise provided by Subsection (d-3), the provisions of this section other than Subsection (d-2) apply to a supplemental tax bill mailed under Subsection (d-3).

(d-5) This subsection and Subsections (d-2), (d-3), and

1 (d-4) expire December 31, 2026.

2 SECTION 2.08. Section 31.02, Tax Code, is amended by adding
3 Subsection (a-1) to read as follows:

4 (a-1) Except as provided by Subsection (b) of this section
5 and Sections 31.03 and 31.04, taxes for which a supplemental tax
6 bill is mailed under Section 31.01(d-3) are due on receipt of the
7 tax bill and are delinquent if not paid before March 1 of the year
8 following the year in which imposed. This subsection expires
9 December 31, 2026.

10 ARTICLE 3. EFFECTIVE DATES

11 SECTION 3.01. Except as otherwise provided by this article:

12 (1) this Act takes effect immediately if this Act
13 receives a vote of two-thirds of all the members elected to each
14 house, as provided by Section 39, Article III, Texas Constitution;
15 and

16 (2) if this Act does not receive the vote necessary for
17 immediate effect, this Act takes effect September 1, 2025.

18 SECTION 3.02. Article 1 of this Act takes effect on the date
19 on which the constitutional amendment proposed by the 89th
20 Legislature, Regular Session, 2025, to authorize the legislature to
21 exempt from ad valorem taxation a portion of the market value of
22 tangible personal property a person owns that is held or used for
23 the production of income takes effect. If that amendment is not
24 approved by the voters, Article 1 of this Act has no effect.