

By: Elkins

H.B. No. 3826

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the exemption from ad valorem taxation of certain
3 tangible personal property used by the owner of the property to
4 manufacture, process, or fabricate tangible personal property for
5 ultimate sale.

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

7 SECTION 1. Subchapter B, Chapter 11, Tax Code, is amended by
8 adding Section 11.36 to read as follows:

9 Sec. 11.36. PROPERTY USED IN MANUFACTURING. The owner of
10 tangible personal property that is exempted from the sales and use
11 tax under Section 151.318 is entitled to an exemption from ad
12 valorem taxation of the appraised value of the property if the
13 property is used by the owner to manufacture, process, or fabricate
14 tangible personal property for ultimate sale.

15 SECTION 2. Section 11.43, Tax Code, is amended by adding
16 Subsection (q) to read as follows:

17 (q) The application form for an exemption authorized by
18 Section 11.36 must require an applicant to submit with the
19 application:

20 (1) a copy of the issued exemption certificate
21 claiming the exemption under Section 151.318 of the property
22 described in the application; or

23 (2) if the applicant is unable to obtain a copy of the
24 exemption certificate described by Subdivision (1), a statement

1 that the property described in the application is exempted from the
2 sales and use tax under Section 151.318.

3 SECTION 3. This Act applies only to an ad valorem tax year
4 that begins on or after the effective date of this Act.

5 SECTION 4. This Act takes effect January 1, 2016, but only
6 if the constitutional amendment proposed by the 84th Legislature,
7 Regular Session, 2015, authorizing the legislature to exempt from
8 ad valorem taxation by one or more political subdivisions tangible
9 personal property used by the owner of the property to manufacture,
10 process, or fabricate tangible personal property for ultimate sale
11 is approved by the voters. If that amendment is not approved by the
12 voters, this Act has no effect.