

By: Elkins

H.B. No. 3861

A BILL TO BE ENTITLED

AN ACT

relating to the exemption from ad valorem taxation of certain income-producing tangible personal property.

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

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

(f) Notwithstanding Subsections (a) and (b), a rendition statement of a person who owns tangible personal property used for the production of income located in the appraisal district that, in the owner's opinion, has an aggregate value of less than \$50,000 [~~\$20,000~~] is required to contain only:

- (1) the name and address of the property owner;
- (2) a general description of the property by type or category; and
- (3) the physical location or taxable situs of the property.

(f-1) A person who owns tangible personal property used for the production of income located in the appraisal district that, in the owner's opinion, has an aggregate value of at least \$50,000 must render the property under Subsection (a), but any amount less than \$50,000 of that value is exempt from taxation under this title. The exemption may not be transferred to another person.

SECTION 2. Section 22.07, Tax Code, is amended by amending Subsections (c) and (f) and adding Subsection (g) to read as

1 follows:

2 (c) The chief appraiser may request, either in writing or by
3 electronic means, that the property owner provide a statement
4 containing supporting information indicating how the value
5 rendered under Section 22.01(a)(5) or claimed to be exempt under
6 Section 22.01(f) was determined. The statement must:

7 (1) summarize information sufficient to identify the
8 property, including:

9 (A) the physical and economic characteristics
10 relevant to the opinion of value, if appropriate; and

11 (B) the source of the information used;

12 (2) state the effective date of the opinion of value;
13 and

14 (3) explain the basis of the value rendered or claimed
15 exempt. If the property owner is a business with 50 employees or
16 less, the property owner may base the estimate of value on the
17 depreciation schedules used for federal income tax purposes.

18 (f) Except as provided by Subsection (g), failure [~~Failure~~]
19 to comply with this section in a timely manner is considered to be a
20 failure to timely render under Section 22.01 and penalties as
21 described in Section 22.28 shall be applied by the chief appraiser.

22 (g) Failure to provide in a timely manner a statement
23 requested under Subsection (c) indicating how the value claimed to
24 be exempt under Section 22.01(f) was determined is a violation of
25 Section 22.01 and the chief appraiser shall apply a penalty in an
26 amount equal to 10 percent of the total amount of taxes that would
27 have been imposed on the property for that year by taxing units

1 participating in the appraisal district but for the exemption under
2 Section 22.01(f).

3 SECTION 3. This Act applies beginning with the tax year that
4 begins January 1, 2016.

5 SECTION 4. This Act takes effect on the date on which the
6 constitutional amendment proposed by the 84th Legislature, Regular
7 Session, 2015, authorizing the legislature to exempt from ad
8 valorem taxation income-producing tangible personal property
9 valued at less than \$50,000 takes effect, if that constitutional
10 amendment is approved by the voters. If that constitutional
11 amendment is not approved by the voters, this Act has no effect.