86R2296 SMT-F

By:  Lambert H.B. No. 1596

A BILL TO BE ENTITLED

AN ACT

relating to a local option exemption from ad valorem taxation by a county, municipality, or junior college district of a portion of the appraised value of the income-producing tangible personal property owned by certain veteran-owned businesses during the businesses' initial period of operation in this state.

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

SECTION 1.  Subchapter B, Chapter 11, Tax Code, is amended by adding Section 11.37 to read as follows:

Sec. 11.37.  INCOME-PRODUCING PERSONAL PROPERTY OF VETERAN-OWNED BUSINESS. (a) In this section, "qualifying veteran-owned business" means a business:

(1)  in which each owner is an individual who served in and was honorably discharged from a branch of the United States armed forces; and

(2)  that first begins doing business in this state on or after January 1, 2020.

(b)  A qualifying veteran-owned business is entitled to an exemption from taxation by a county, municipality, or junior college district of a portion, expressed as a dollar amount, of the appraised value of the income-producing tangible personal property owned by and used in the operation of the business if:

(1)  the exemption is sought for a tax year beginning not later than the fifth anniversary of the date on which the qualifying veteran-owned business began operating in this state; and

(2)  the exemption is adopted by:

(A)  the governing body of the county, municipality, or junior college district in the manner provided by law for official action by the governing body; or

(B)  a favorable vote of a majority of the qualified voters of the county, municipality, or junior college district at an election called by the governing body of the county, municipality, or junior college district, as applicable.

(c)  The governing body of a county, municipality, or junior college district shall call an election described by Subsection (b)(2)(B) on the petition of at least five percent of the number of qualified voters who voted in the most recent election of the county, municipality, or junior college district, as applicable.

(d)  The amount of an exemption adopted as provided by Subsection (b) is $30,000 of the appraised value unless a smaller amount is specified by:

(1)  the governing body authorizing the exemption if the exemption is authorized as provided by Subsection (b)(2)(A); or

(2)  the petition for the election if the exemption is authorized as provided by Subsection (b)(2)(B).

(e)  Once authorized, an exemption adopted as provided by Subsection (b) may be repealed or decreased or increased in amount by the governing body of the county, municipality, or junior college district or by the procedure authorized by Subsection (b)(2)(B). In the case of an increase, the amount of the exemption may not be increased to more than $30,000 of the appraised value.

SECTION 2.  This Act applies only to ad valorem taxes imposed for a tax year that begins on or after the effective date of this Act.

SECTION 3.  This Act takes effect January 1, 2020, but only if the constitutional amendment authorizing a local option exemption from ad valorem taxation by a county, municipality, or junior college district of a portion of the market value of the income-producing tangible personal property owned by a veteran-owned business during the business's initial period of operation in this state is approved by the voters. If that amendment is not approved by the voters, this Act has no effect.