

BILL ANALYSIS

Senate Research Center
87R855 LHC-D

S.B. 1449
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Finance
4/16/2021
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Texas business personal property tax is unfair, inequitable, archaic, and unevenly applied. The fiscal and administrative burden of paying the property taxes of the business personal property unfairly disproportionately affects Texas' smallest businesses. Since the cost of appraisal and collection of the business personal property tax exceeds the tax revenue received, appraisal districts' and tax assessors' resources are ineffectively used to administer the business personal property tax.

S.B. 1449 addresses these concerns by increasing the minimum amount of tangible personal property that is exempt from rendition and assessment for property taxes from \$500 to \$2,500. The current \$500 exemption amount was established in 1995 and has never been adjusted. The purpose of the increased exemption amount is to eliminate the net tax revenue loss related to appraising and assessing the business with tangible personal property worth less than \$2,500. Increasing the exemption amount will ease the fiscal and administrative burden of the business personal property tax.

S.B. 1449 does not need an associated constitutional amendment to increase the minimum amount exempt from taxation and rendition. The Texas Constitution, Article 8, Section 1, Subsection (g), already gives the legislature the authority to exempt tangible personal property used to produce income when the value of the property is insufficient to cover the cost of collection.

As proposed, S.B. 1449 amends current law relating to the exemption from ad valorem taxation of income-producing tangible personal property having a value of less than a certain amount.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends the heading to Section 11.145, Tax Code, to read as follows:

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

SECTION 2. Amends Section 11.145(a), Tax Code, to provide that a person is entitled to an exemption from ad valorem taxation of the 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, rather than \$500.

SECTION 3. Provides that 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 4. Effective date: January 1, 2022.