By:  Guillen, Kacal, Ashby, Lopez of Cameron H.B. No. 3241

A BILL TO BE ENTITLED

AN ACT

relating to the exemption from ad valorem taxation of certain assets used for agricultural production and to the authority of a county commissioners court to adopt an exemption from ad valorem taxation by each taxing unit that taxes the property of the portion of the appraised value of a person's property that is attributable to the installation in or on the property of certain water conservation systems.

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

SECTION 1.  Subchapter B, Chapter 11, Tax Code, is amended by adding Section 11.162 to read as follows:

Sec. 11.162.  FARM PRODUCTION INPUTS. (a) A producer is entitled to an exemption from taxation of any resources that the producer utilizes for the purpose of production.

(b)  Farm production inputs in the hands of the producer are exempt.

(c)  For purposes of this exemption, the following definitions apply:

(1)  "Farm production inputs" include seeds, weaned animals, fertilizer, pesticides, feed, and any other resources that are necessary to produce crops, fruit, flowers, and other products of the soil or farm products as defined by Section 11.16.

(2)  "In the hands of the producer" means under the ownership of the person who is utilizing farm production inputs such as seeds, weaned animals, fertilizer, pesticides, feed, and any resources necessary to begin production, on January 1 of the tax year, for the purpose of producing crops, fruits, flowers, and other products of the soil or farm products as defined by Section 11.16.

SECTION 2.  Subchapter B, Chapter 11, Tax Code, is amended by adding Section 11.325 to read as follows:

Sec. 11.325.  WATER CONSERVATION SYSTEMS. (a) In this section, "graywater" has the meaning assigned by Section 341.039, Health and Safety Code.

(b)  The commissioners court of a county by order may adopt an exemption from taxation of the portion of the appraised value of a person's property that is attributable to the installation in or on the property of a rainwater harvesting or graywater system. An exemption adopted by a commissioners court under this section applies to the taxation of property by each taxing unit that taxes the property.

SECTION 3.  Section 11.325, Tax Code, as added by this Act, applies only to ad valorem taxes imposed for a tax year that begins on or after January 1, 2024.

SECTION 4.  (a) Except as provided by Subsection (b) of this section, this Act takes effect September 1, 2023.

(b)  Section 11.325, Tax Code, as added by this Act, takes effect January 1, 2024, but only if the constitutional amendment to authorize the commissioners court of a county to exempt from ad valorem taxation by each political subdivision that taxes the property the portion of the assessed value of a person's property that is attributable to the installation in or on the property of a rainwater harvesting or graywater system is approved by the voters. If that amendment is not approved by the voters, Section 11.325, Tax Code, as added by this Act, has no effect.