S.B. No. 1439

AN ACT

relating to the ad valorem taxation of tangible personal property held or used for the production of income by related business entities.

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

SECTION 1.  Section 11.145, Tax Code, is amended to read as follows:

Sec. 11.145.  INCOME-PRODUCING TANGIBLE PERSONAL PROPERTY HAVING VALUE OF LESS THAN $2,500. (a) In this section:

(1)  "Related business entity" means a business entity that:

(A)  engages in a common business enterprise with at least one other business entity; and

(B)  owns tangible personal property that:

(i)  is held or used for the production of income as part of the common business enterprise; and

(ii)  is located at the same physical address that tangible personal property owned by at least one other business entity engaged in the common business enterprise is located.

(2)  "Unified business enterprise" means a common business enterprise composed of more than one related business entity.

(b)  Subject to Subsection (d), a [~~A~~] person is entitled to an exemption from 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.

(c) [~~(b)~~]  The exemption provided by Subsection (b) [~~(a)~~] applies to each separate taxing unit in which a person holds or uses tangible personal property for the production of income.

(d)  For[~~, and, for~~] the purpose [~~purposes~~] of Subsection (b) [~~(a)~~], all property described by that subsection in a [~~each~~] taxing unit that is owned by a person is:

(1)  aggregated to determine taxable value; and

(2)  if the person is a related business entity, aggregated with the property described by that subsection in the taxing unit that is owned by each other related business enterprise that composes the same unified business enterprise to determine taxable value for the entity.

(e)  A chief appraiser may investigate a business entity to determine whether the entity:

(1)  is a related business entity; and

(2)  has aggregated tangible personal property as provided by Subsection (d)(2).

SECTION 2.  Section 22.01, Tax Code, is amended by amending Subsections (a), (c-1), and (f) and adding Subsection (n) to read as follows:

(a)  Except as provided by Chapter 24, a person shall render for taxation all tangible personal property used for the production of income that the person owns or that the person manages and controls as a fiduciary on January 1. A rendition statement shall contain:

(1)  the name and address of the property owner;

(2)  a description of the property by type or category;

(3)  if the property is inventory, a description of each type of inventory and a general estimate of the quantity of each type of inventory;

(4)  the physical address [~~location~~] or taxable situs of the property; and

(5)  the property owner's good faith estimate of the market value of the property or, at the option of the property owner, the historical cost when new and the year of acquisition of the property.

(c-1)  In this section:

(1)  "Related business entity" and "unified business enterprise" have the meanings assigned by Section 11.145.

(2)  "Secured party" has the meaning assigned by Section 9.102, Business & Commerce Code.

(3) [~~(2)~~]  "Security interest" has the meaning assigned by Section 1.201, Business & Commerce Code.

(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 $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 address [~~location~~] or taxable situs of the property.

(n)  A rendition statement of a related business entity must contain the information required by Subsection (a) or (f), as applicable, stated for each related business entity that composes the unified business enterprise of which the related business entity that is the subject of the rendition is a part.

SECTION 3.  Section 22.24(c), Tax Code, is amended to read as follows:

(c)  The comptroller may prescribe or approve different forms for different kinds of property but shall ensure that each form requires a property owner to furnish the information necessary to identify the property and to determine its ownership, taxability, and situs. Each form must include a box that the property owner may check to permit the property owner to affirm that the information contained in the most recent rendition statement filed by the property owner in a prior tax year is accurate with respect to the current tax year in accordance with Section 22.01(l). Each form must include a box that a property owner that is a related business entity, as defined by Section 11.145, must check to identify the owner as a related business entity. A form may not require but may permit a property owner to furnish information not specifically required by this chapter to be reported. In addition, a form prescribed or approved under this subsection must contain the following statement in bold type: "If you make a false statement on this form, you could be found guilty of a Class A misdemeanor or a state jail felony under Section 37.10, Penal Code."

SECTION 4.  The changes in law made by this Act apply only to an ad valorem tax year that begins on or after the effective date of this Act.

SECTION 5.  This Act takes effect January 1, 2024.

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I hereby certify that S.B. No. 1439 passed the Senate on April 12, 2023, by the following vote:  Yeas 29, Nays 2.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_    Secretary of the Senate

I hereby certify that S.B. No. 1439 passed the House on May 19, 2023, by the following vote:  Yeas 139, Nays 4, two present not voting.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_    Chief Clerk of the House

Approved:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_             Date\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_           Governor