

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

1 an exemption from taxation of the tangible personal property the
2 person owns that is held or used for the production of income if
3 that property has a taxable value of less than \$2,500.

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

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

- 10 (1) aggregated to determine taxable value; and
11 (2) if the person is a related business entity,
12 aggregated with the property described by that subsection in the
13 taxing unit that is owned by each other related business enterprise
14 that composes the same unified business enterprise to determine
15 taxable value for the entity.

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

- 18 (1) is a related business entity; and
19 (2) has aggregated tangible personal property as
20 provided by Subsection (d)(2).

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

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

1 contain:

- 2 (1) the name and address of the property owner;
- 3 (2) a description of the property by type or category;
- 4 (3) if the property is inventory, a description of
- 5 each type of inventory and a general estimate of the quantity of
- 6 each type of inventory;
- 7 (4) the physical address [~~location~~] or taxable situs
- 8 of the property; and
- 9 (5) the property owner's good faith estimate of the
- 10 market value of the property or, at the option of the property
- 11 owner, the historical cost when new and the year of acquisition of
- 12 the property.

13 (c-1) In this section:

- 14 (1) "Related business entity" and "unified business
- 15 enterprise" have the meanings assigned by Section [11.145](#).
- 16 (2) "Secured party" has the meaning assigned by
- 17 Section [9.102](#), Business & Commerce Code.
- 18 (3) [~~(2)~~] "Security interest" has the meaning
- 19 assigned by Section [1.201](#), Business & Commerce Code.

20 (f) Notwithstanding Subsections (a) and (b), a rendition

21 statement of a person who owns tangible personal property used for

22 the production of income located in the appraisal district that, in

23 the owner's opinion, has an aggregate value of less than \$20,000 is

24 required to contain only:

- 25 (1) the name and address of the property owner;
- 26 (2) a general description of the property by type or
- 27 category; and

1 (3) the physical address [~~location~~] or taxable situs
2 of the property.

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

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

10 (c) The comptroller may prescribe or approve different
11 forms for different kinds of property but shall ensure that each
12 form requires a property owner to furnish the information necessary
13 to identify the property and to determine its ownership,
14 taxability, and situs. Each form must include a box that the
15 property owner may check to permit the property owner to affirm that
16 the information contained in the most recent rendition statement
17 filed by the property owner in a prior tax year is accurate with
18 respect to the current tax year in accordance with Section
19 22.01(1). Each form must include a box that a property owner that is
20 a related business entity, as defined by Section 11.145, must check
21 to identify the owner as a related business entity. A form may not
22 require but may permit a property owner to furnish information not
23 specifically required by this chapter to be reported. In addition,
24 a form prescribed or approved under this subsection must contain
25 the following statement in bold type: "If you make a false statement
26 on this form, you could be found guilty of a Class A misdemeanor or a
27 state jail felony under Section 37.10, Penal Code."

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

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

President of the Senate

Speaker of the House

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