

1-1 By: Springer S.B. No. 1439
1-2 (In the Senate - Filed March 2, 2023; March 16, 2023, read
1-3 first time and referred to Committee on Local Government;
1-4 March 29, 2023, reported favorably by the following vote: Yeas 7,
1-5 Nays 0; March 29, 2023, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7				
1-8	X			
1-9	X			
1-10	X			
1-11			X	
1-12	X			
1-13	X			
1-14	X			
1-15	X			
1-16			X	

1-17 A BILL TO BE ENTITLED
1-18 AN ACT

1-19 relating to the ad valorem taxation of tangible personal property
1-20 held or used for the production of income by related business
1-21 entities.

1-22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-23 SECTION 1. Section 11.145, Tax Code, is amended to read as
1-24 follows:

1-25 Sec. 11.145. INCOME-PRODUCING TANGIBLE PERSONAL PROPERTY
1-26 HAVING VALUE OF LESS THAN \$2,500. (a) In this section:

1-27 (1) "Related business entity" means a business entity
1-28 that:

1-29 (A) engages in a common business enterprise with
1-30 at least one other business entity; and

1-31 (B) owns tangible personal property that:

1-32 (i) is held or used for the production of
1-33 income as part of the common business enterprise; and

1-34 (ii) is located at the same physical
1-35 address that tangible personal property owned by at least one other
1-36 business entity engaged in the common business enterprise is
1-37 located.

1-38 (2) "Unified business enterprise" means a common
1-39 business enterprise composed of more than one related business
1-40 entity.

1-41 (b) Subject to Subsection (d), a [A] person is entitled to
1-42 an exemption from taxation of the tangible personal property the
1-43 person owns that is held or used for the production of income if
1-44 that property has a taxable value of less than \$2,500.

1-45 (c) [~~(b)~~] The exemption provided by Subsection (b) [~~(a)~~]
1-46 applies to each separate taxing unit in which a person holds or uses
1-47 tangible personal property for the production of income.

1-48 (d) For [~~, and, for~~] the purpose [~~purposes~~] of Subsection (b)
1-49 [~~(a)~~], all property described by that subsection in a [~~each~~] taxing
1-50 unit that is owned by a person is:

1-51 (1) aggregated to determine taxable value; and

1-52 (2) if the person is a related business entity,
1-53 aggregated with the property described by that subsection in the
1-54 taxing unit that is owned by each other related business enterprise
1-55 that composes the same unified business enterprise to determine
1-56 taxable value for the entity.

1-57 (e) A chief appraiser may investigate a business entity to
1-58 determine whether the entity:

1-59 (1) is a related business entity; and

1-60 (2) has aggregated tangible personal property as
1-61 provided by Subsection (d)(2).

2-1 SECTION 2. Section 22.01, Tax Code, is amended by amending
2-2 Subsections (a), (c-1), and (f) and adding Subsection (n) to read as
2-3 follows:

2-4 (a) Except as provided by Chapter 24, a person shall render
2-5 for taxation all tangible personal property used for the production
2-6 of income that the person owns or that the person manages and
2-7 controls as a fiduciary on January 1. A rendition statement shall
2-8 contain:

- 2-9 (1) the name and address of the property owner;
- 2-10 (2) a description of the property by type or category;
- 2-11 (3) if the property is inventory, a description of
2-12 each type of inventory and a general estimate of the quantity of
2-13 each type of inventory;
- 2-14 (4) the physical address [~~location~~] or taxable situs
2-15 of the property; and
- 2-16 (5) the property owner's good faith estimate of the
2-17 market value of the property or, at the option of the property
2-18 owner, the historical cost when new and the year of acquisition of
2-19 the property.

2-20 (c-1) In this section:

2-21 (1) "Related business entity" and "unified business
2-22 enterprise" have the meanings assigned by Section 11.145.

2-23 (2) "Secured party" has the meaning assigned by
2-24 Section 9.102, Business & Commerce Code.

2-25 (3) [~~2~~] "Security interest" has the meaning
2-26 assigned by Section 1.201, Business & Commerce Code.

2-27 (f) Notwithstanding Subsections (a) and (b), a rendition
2-28 statement of a person who owns tangible personal property used for
2-29 the production of income located in the appraisal district that, in
2-30 the owner's opinion, has an aggregate value of less than \$20,000 is
2-31 required to contain only:

- 2-32 (1) the name and address of the property owner;
- 2-33 (2) a general description of the property by type or
2-34 category; and
- 2-35 (3) the physical address [~~location~~] or taxable situs
2-36 of the property.

2-37 (n) A rendition statement of a related business entity must
2-38 contain the information required by Subsection (a) or (f), as
2-39 applicable, stated for each related business entity that composes
2-40 the unified business enterprise of which the related business
2-41 entity that is the subject of the rendition is a part.

2-42 SECTION 3. Section 22.24(c), Tax Code, is amended to read as
2-43 follows:

2-44 (c) The comptroller may prescribe or approve different
2-45 forms for different kinds of property but shall ensure that each
2-46 form requires a property owner to furnish the information necessary
2-47 to identify the property and to determine its ownership,
2-48 taxability, and situs. Each form must include a box that the
2-49 property owner may check to permit the property owner to affirm that
2-50 the information contained in the most recent rendition statement
2-51 filed by the property owner in a prior tax year is accurate with
2-52 respect to the current tax year in accordance with Section
2-53 22.01(l). Each form must include a box that a property owner that is
2-54 a related business entity, as defined by Section 11.145, must check
2-55 to identify the owner as a related business entity. A form may not
2-56 require but may permit a property owner to furnish information not
2-57 specifically required by this chapter to be reported. In addition,
2-58 a form prescribed or approved under this subsection must contain
2-59 the following statement in bold type: "If you make a false statement
2-60 on this form, you could be found guilty of a Class A misdemeanor or a
2-61 state jail felony under Section 37.10, Penal Code."

2-62 SECTION 4. The changes in law made by this Act apply only to
2-63 an ad valorem tax year that begins on or after the effective date of
2-64 this Act.

2-65 SECTION 5. This Act takes effect January 1, 2024.

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