**BILL ANALYSIS**

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| Senate Research Center | C.S.H.B. 9 |
| 89R27822 TJB-D | By: Meyer et al. (Bettencourt) |
|  | Local Government |
|  | 5/6/2025 |
|  | Committee Report (Substituted) |

**AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

H.B. 9 amends current law relating to an exemption from ad valorem taxation of a portion of the appraised value of tangible personal property that is held or used for the production of income.

**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 Section 11.145, Tax Code, as follows:

Sec. 11.145. New heading: INCOME-PRODUCING TANGIBLE PERSONAL PROPERTY. (a) Defines "related business entity" and "unified business enterprise."

(b) Provides that, subject to Subsection (f) and except as provided by Subsection (d), a person is entitled to an exemption from taxation by a taxing unit of $125,000 of the appraised value of the tangible personal property the person owns that is held or used for the production of income and has taxable situs at the same location in the taxing unit, rather than if the property has a taxable value of less than $2,500. Makes a nonsubstantive change.

(c) Redesignates existing Subsection (b) as Subsection (c). Provides that the exemption provided by Subsection (b), rather than Subsection (a), applies to each separate location in a taxing unit in which a person holds or uses tangible personal property for the production of income, and, for the purposes of Subsection (b), all property that has taxable situs in each separate location in the taxing unit is aggregated to determine taxable value. Makes a conforming change.

(d) Provides that a person who leases tangible personal property is entitled to an exemption from taxation by a taxing unit of $125,000 of the total appraised value of all the tangible personal property the person owns that is held or used for the production of income and is subject to a lease, regardless of where the property is located in the taxing unit.

(e) Provides that the exemption provided by Subsection (d) applies to each separate taxing unit in which a person holds or uses tangible personal property for the production of income.

(f) Provides that, for the purposes of Subsection (b), if a person is a related business entity, all property described by that subsection that has taxable situs at the same location in a taxing unit and that is owned by the person is aggregated with the property described by that subsection that has taxable situs at the same location in the taxing unit and that is owned by each other related business entity that composes the same unified business enterprises to determine taxable value for the entity.

(g) Authorizes a chief appraiser to investigate a business entity to determine whether the entity is a related business entity and has aggregated tangible personal property as provided by Subsection (f).

SECTION 2. Amends Section 22.01, Tax Code, by amending Subsection (c-1) and adding Subsection (j-1), (j-2), (j-3), and (n), as follows:

(c-1) Defines "related business entity" and "unified business enterprises."

(j-1) Provides that, notwithstanding Subsections (a) (relating to requiring a person to render for taxation all tangible personal property used for the production of income that the person owns or that the person manages or controls as a fiduciary on January 1) and (b) (relating to requiring a person to render for taxation any other taxable property that he owns or that he manages and controls as a fiduciary on January 1), a person is required to render tangible personal property the person owns that is held or used for the production of income only if, in the person's opinion and as applicable:

(1) the aggregate market value of the property that has taxable situs in the same location in at least one taxing unit that participates in the appraisal district is greater than the amount exempted under Section 11.145(b); or

(2) the aggregate market value of the property in at lease on taxing unit that participates in the appraisal district is greater than the amount exempted under Section 11.145(d).

(j-2) Requires a person required to render property for taxation under Subsection (j-1) to render all tangible personal property the person owns that is held or used for the production of income and has taxable situs in the appraisal district. Provides that this subsection does not apply to property exempt from taxation under a provision of law other than Section 11.145.

(j-3) Requires a person who elects not to render property for taxation as authorized by Subsection (j-1) to file a rendition statement or property report that includes a certification that the person reasonably believes that the value of the property is not more than the amount exempted under Section 11.145(b) or (d), as applicable. Provides that the election takes effect beginning with the tax year following the tax year in which the rendition statement or property report is filed and continues in effect until the ownership of the person changes. Requires a person described by that subsection, notwithstanding Subsection (j-1), to render property for taxation if required by the chief appraiser.

(n) Requires that a rendition statement of a related business entity 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 subject of the rendition is a part.

SECTION 3. Amends Section 22.24(c), Tax Code, as follows:

(c) Provides that each form for different kinds of property is required to include a box that a property owner that is a related business entity, as defined by Section 11.145, is required to check to identify the owner as a related business entity. Requires that each form include a box that a property owner who elects not to render the property for taxation as authorized by Section 22.01(j-1) is required to check to certify that the owner reasonably believes that the value of the property is not more than the amount exempted under Section 11.145(b) or (d), as applicable.

SECTION 4. Makes application of this Act prospective.

SECTION 5. Effective date: January 1, 2026, contingent upon the approval by the voters of the constitutional amendment relating to authorizing the legislature to exempt from ad valorem taxation a portion of the market value of tangible personal property a person owns that is held or used for the production of income.