

## **BILL ANALYSIS**

Senate Research Center  
89R14621 TJB-D

H.B. 9  
By: Meyer et al. (Bettencourt)  
Local Government  
5/2/2025  
Engrossed

### **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 a person owns 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 the heading to Section 11.145, Tax Code, to read as follows:

Sec. 11.145. INCOME-PRODUCING TANGIBLE PERSONAL PROPERTY.

SECTION 1.02. Amends Section 11.145(a), Tax Code, to provide that a person is entitled to an exemption from taxation of \$250,000 of the appraised value of tangible personal property the person owns that is held or used for the production of income, rather than if that property has a taxable value of less than \$2,500.

SECTION 1.03. Amends Section 22.01, Tax Code, by adding Subsection (j-1), as follows:

(j-1) Provides that 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, the aggregate market value of the property in at least one taxing unit that participates in the appraisal district is greater than the amount exempted under Section 11.145(a). Requires a person required to render property for taxation under this subsection 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.

SECTION 1.04. Makes application of this article prospective to January 1, 2025.

## **ARTICLE 2. PROVISIONS NOT CONTINGENT ON CONSTITUTIONAL AMENDMENT**

SECTION 2.01. Amends Section 26.01, Tax Code, by adding Subsections (a-2) and (a-3), as follows:

(a-2) Provides that this subsection applies only to the appraisal roll for a taxing unit for the 2025 tax year. Requires the chief appraiser, when the chief appraiser delivers the appraisal roll to the assessor for the taxing unit, to include a provisional appraisal roll to account for the changes in law attributable to the constitutional amendment proposed by the 89th Legislature, Regular Session, 2025, to authorize 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, as if those changes were in effect. Requires the chief appraiser, if the chief appraiser delivers a supplemental appraisal roll or correction to the appraisal roll to the assessor for the taxing unit before that constitutional amendment takes effect, to include provisional appraisal roll entries to account for the changes in law attributable to that constitutional amendment. Provides that, if that constitutional amendment takes effect, on the date that constitutional amendment takes effect, the provisional appraisal roll, as supplemented and corrected, becomes the appraisal roll for the taxing unit and as soon as practicable after that date, the chief appraiser is required to correct the taxing unit's appraisal roll as necessary to finally account for the changes in law attributable to that constitutional amendment.

(a-3) Provides that this subsection and Subsection (a-2) expire December 31, 2026.

SECTION 2.02. Amends Section 26.04, Tax Code, by adding Subsections (a-1) and (c-1), as follows:

(a-1) Requires the assessor for a taxing unit, on receipt of the appraisal roll for the 2025 tax year, to determine the total taxable value of property taxable by the taxing unit and the taxable value of new property as if the changes in law attributable to the constitutional amendment proposed by the 89th Legislature, Regular Session, 2025, to authorize 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 were in effect for that tax year. Provides that this subsection expires December 31, 2026.

(c-1) Requires an officer or employee designated by the governing body of a taxing unit to calculate the no-new-revenue tax rate and the voter-approval tax rate of the taxing unit for the 2025 tax year as if the changes in law attributable to the constitutional amendment proposed by the 89th Legislature, Regular Session, 2025, to authorize 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 were in effect for that tax year. Provides that this subsection expires December 31, 2026.

SECTION 2.03. Amends Chapter 26, Tax Code, by adding Section 26.0401, as follows:

Sec. 26.0401. CALCULATION OF CERTAIN TAX RATES FOR 2025 TAX YEAR. (a) Requires a taxing unit that calculates those rates under a provision of law other than Section 26.04 (Submission of Roll to Governing Body; No-New-Revenue and Voter-Approval Tax Rates) or 26.08 (Automatic Election to Approve Tax Rate of School District), for the purposes of calculating the no-new-revenue tax rate, the voter-approval tax rate, and any related tax rate for the 2025 tax year, to calculate those rates as if the changes in law attributable to the constitutional amendment proposed by the 89th Legislature, Regular Session, 2025, to authorize 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 were in effect for that tax year.

(b) Provides that this section expires December 31, 2026.

SECTION 2.04. Amends Section 26.08, Tax Code, by adding Subsection (q), as follows:

(q) Requires the voter-approval tax rate of a school district for the 2025 tax year, for purposes of this section, to be calculated as if the changes in law attributable to the constitutional amendment proposed by the 89th Legislature, Regular Session, 2025, to authorize 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 were in effect for that tax year. Provides that this subsection expires December 31, 2026.

SECTION 2.05. Amends Section 26.09, Tax Code, by adding Subsection (c-1), as follows:

(c-1) Requires the assessor for a taxing unit to calculate the amount of tax imposed by the taxing unit on the tangible personal property a person owns that is held or used for the production of income for the 2025 tax year as if the changes in law attributable to the constitutional amendment proposed by the 89th Legislature, Regular Session, 2025, to authorize 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 were in effect for that tax year and also as if the changes in law attributable to that constitutional amendment were not in effect for that tax year. Provides that this subsection expires December 31, 2026.

SECTION 2.06. Amends Section 26.15, Tax Code, by adding Subsection (h), as follows:

(h) Requires the assessor for a taxing unit to correct the tax roll for the taxing unit for the 2025 tax year to reflect the results of the election to approve the constitutional amendment proposed by the 89th Legislature, Regular Session, 2025, to authorize 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. Provides that this subsection expires December 31, 2026.

SECTION 2.07. Amends Section 31.01, Tax Code, by adding Subsections (d-2), (d-3), (d-4), and (d-5), as follows:

(d-2) Provides that this subsection and Subsections (d-3) and (d-4) apply only to taxes imposed by a taxing unit on the tangible personal property a person owns that is held or used for the production of income for the 2025 tax year and only if the changes in law attributable to the constitutional amendment proposed by the 89th Legislature, Regular Session, 2025, to authorize 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 would lower the taxes imposed by the taxing unit on the property for that tax year. Requires the assessor for the taxing unit to compute the amount of taxes imposed and the other information required by Section 31.01 (Tax Bills) as if the changes in law attributable to that constitutional amendment were in effect for that tax year. Requires that the tax bill or the separate statement indicate that the bill is a provisional tax bill and include a certain substantially formed statement.

(d-3) Provides that a tax bill prepared by the assessor for a taxing unit as provided by Subsection (d-2) and mailed as provided by Subsection (a) is considered to be a provisional tax bill until the canvass of the votes on the constitutional amendment proposed by the 89th Legislature, Regular Session, 2025, to authorize 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. Provides that, if that constitutional amendment is approved by the voters, the tax bill is considered to be a final tax bill for the taxes imposed on the property for the 2025 tax year, and no additional tax bill is required to be mailed unless another provision of this title requires the mailing of a corrected tax bill. Provides that, if that constitutional amendment is not approved by the voters, certain circumstances will occur.

(d-4) Provides that, except as otherwise provided by Subsection (d-3), the provisions of this section other than Subsection (d-2) apply to a supplemental tax bill mailed under Subsection (d-3).

(d-5) Provides that this subsection and Subsections (d-2), (d-3), and (d-4) expire December 31, 2026.

SECTION 2.08. Amends Section 31.02, Tax Code, by adding Subsection (a-1), as follows:

(a-1) Provides that, except as provided by Subsection (b) (relating to authorizing an eligible person serving on active duty in any branch of the United States armed forces to pay delinquent property taxes on certain property on which the earliest of certain actions occur) of Section 31.02 (Delinquency Date) and Sections 31.03 (Split Payment of Taxes)

and 31.04 (Postponement of Delinquency Date), taxes for which a supplemental tax bill is mailed under Section 31.01(d-3) are due on receipt of the tax bill and are delinquent if not paid before March 1 of the year following the year in which imposed. Provides that this subsection expires December 31, 2026.

### ARTICLE 3. EFFECTIVE DATES

SECTION 3.01. Effective date, except as otherwise provided by this article: upon passage or September 1, 2025.

SECTION 3.02. Effective date, Article 1: September 1, 2025, contingent upon 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 takes effect.