

BILL ANALYSIS

H.B. 9
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Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

According to the 2022-2023 Biennial Property Tax Report published by the comptroller of public accounts, local property taxes in Texas are rising. Increased property taxes affect all property owners across the state, including many of the state's small business owners. Additionally, taxes on income-producing personal property can impose significant compliance and administrative burdens on businesses. H.B. 9 seeks to address these issues by increasing the business personal property tax exemption from \$2,500 to \$250,000.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

H.B. 9 amends the Tax Code to provide for an increase in the value of income-producing tangible personal property subject to exemption from property taxation, contingent on the passage of an applicable constitutional amendment proposed by the 89th Legislature, Regular Session, 2025, and to make related changes in the Property Tax Code that are not contingent on the passage of that amendment.

Provisions Contingent on Constitutional Amendment

H.B. 9 changes the exemption from property taxation for tangible personal property a person owns that is held or used for the production of income from an exemption for such property that has a taxable value of less than \$2,500 to an exemption for \$250,000 of the property's appraised value. The bill conditions the requirement that a person render for taxation tangible personal property the person owns that is held or used for the production of income on the person opining that the aggregate market value of the property in at least one taxing unit that participates in the relevant appraisal district is greater than \$250,000. A person required to render property for taxation based on that threshold must 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. The bill's rendition provisions do not apply to property exempt from taxation under a provision of law other than the provisions providing for an exemption from property taxation for qualifying tangible personal property.

H.B. 9 establishes that these provisions relating to the property tax exemption for certain tangible personal property and rendition requirements apply only to a property tax year that

begins on or after January 1, 2025, and take effect on the date on which the constitutional amendment proposed by the 89th Legislature, Regular Session, 2025, to authorize the legislature to exempt from property 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. If that constitutional amendment is not approved by the voters, those bill provisions have no effect.

Provisions Not Contingent on Constitutional Amendment

H.B. 9 requires an appraisal district's chief appraiser, when delivering the appraisal roll to the assessor for applicable taxing units for the 2025 tax year, to include a provisional appraisal roll to account for the changes in law attributable to the applicable constitutional amendment proposed by the 89th Legislature, Regular Session, 2025, as if those changes were in effect. If the chief appraiser delivers a supplemental appraisal roll or correction to the appraisal roll to a taxing unit's assessor before that constitutional amendment takes effect, the chief appraiser must include provisional appraisal roll entries to account for the changes in law attributable to that constitutional amendment. If that constitutional amendment takes effect:

- on the date the 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 must correct the taxing unit's appraisal roll as necessary to finally account for the changes in law attributable to the constitutional amendment.

H.B. 9 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 applicable constitutional amendment proposed by the 89th Legislature, Regular Session, 2025, were in effect for that tax year. The bill requires an officer or employee designated by the governing body of a taxing unit to calculate the unit's no-new-revenue (NNR) tax rate and the voter-approval tax rate (VATR) to do so for the 2025 tax year as if the changes in law attributable to that constitutional amendment were in effect for that tax year.

H.B. 9 provides that, for the purposes of calculating the NNR tax rate, the VATR, and any related tax rate for the 2025 tax year, a taxing unit that calculates those rates under a provision of law other than Tax Code provisions relating to the submission of the appraisal roll to the governing body, to the calculation of the NNR tax rate and VATR, or to an automatic election to approve the adopted tax rate of a public school district, must calculate those rates as if the changes in law attributable to the applicable constitutional amendment proposed by the 89th Legislature, Regular Session, 2025, were in effect for that tax year.

H.B. 9 requires that, for purposes of state law providing for an automatic election to approve an adopted tax rate of a public school district that exceeds its VATR, a district's VATR for the 2025 tax year be calculated as if the changes in law attributable to the applicable constitutional amendment proposed by the 89th Legislature, Regular Session, 2025, were in effect for that tax year.

H.B. 9 requires the assessor for a taxing unit to calculate the amount of tax imposed by the 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 applicable constitutional amendment proposed by the 89th Legislature, Regular Session, 2025, 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. The bill also requires the assessor to correct the unit's tax roll for the 2025 tax year to reflect the results of the election to approve that constitutional amendment.

H.B. 9 provides the following with respect 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, applicable only if the changes in law attributable to the applicable constitutional

amendment proposed by the 89th Legislature, Regular Session, 2025, would lower the taxes imposed by the unit on the property for that tax year:

- the assessor for the taxing unit must compute the amount of taxes imposed and the other information required for the property's tax bill as if the changes in law attributable to the constitutional amendment were in effect for that tax year;
- the tax bill or the separate statement accompanying the tax bill must indicate that the tax bill is a provisional tax bill and include a statement, in substantially the same form as set out by the bill's provisions, indicating the following:
 - the amount the tax bill would have been if the changes in law attributable to the constitutional amendment were not in effect for that tax year;
 - the difference between the amount that the tax bill would have been if the changes in law attributable to the constitutional amendment were not in effect for that tax year and the amount that the tax bill is with those changes in effect;
 - the amount of the tax bill as lowered by the changes in law attributable to the constitutional amendment and contingent on the approval by the voters at an election to be held November 4, 2025, of the constitutional amendment; and
 - the amount of the supplemental tax bill that will be mailed if the constitutional amendment is not approved by the voters;
- the tax bill prepared by the assessor as provided by the bill's provisions and mailed as provided by applicable state law is considered to be a provisional tax bill until the canvass of the votes on the constitutional amendment and, if the 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 the Property Tax Code requires the mailing of a corrected tax bill; and
- if the constitutional amendment is not approved by the voters:
 - a tax bill prepared by the assessor as provided by the bill's provisions is considered to be a final tax bill but only as to the portion of the taxes imposed on the property for the 2025 tax year that is included in the tax bill;
 - the amount of taxes imposed by each 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 is calculated as if the changes in law attributable to the constitutional amendment were not in effect for that tax year; and
 - the assessor for each taxing unit must prepare and mail a supplemental tax bill, by December 1 or as soon thereafter as practicable, in an amount equal to the difference between the amount of the tax bill if the changes in law attributable to the constitutional amendment were not in effect for that tax year and the amount of the tax bill if those changes were in effect for that tax year.

The provisions of state law otherwise applicable to tax bills apply to such a supplemental tax bill, except as otherwise provided by the bill's provisions. The taxes for which such a supplemental tax bill is mailed 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.

The provisions of H.B. 9 that are not contingent on passage of the applicable constitutional amendment proposed by the 89th Legislature, Regular Session, 2025, expire December 31, 2026.

EFFECTIVE DATE

Except as otherwise provided, on passage, or, if the bill does not receive the necessary vote, September 1, 2025.