

By: Bernal

H.B. No. 399

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the exemption from ad valorem taxation of
3 income-producing tangible personal property for a certain period of
4 time.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Chapter 11, Tax Code, is amended by adding
7 Section 11.144 to read as follows:

8 Sec. 11.144. INCOME-PRODUCING TANGIBLE PERSONAL PROPERTY
9 FOR THREE YEARS FOLLOWING INCORPORATION. (a) This section applies
10 only to small businesses as defined by Section 481.401(10),
11 Government Code, and a person who files a rendition statement under
12 Section 22.01, Tax Code.

13 (b) A person is entitled to an exemption from taxation of
14 the tangible personal property the person owns that is held or used
15 for the production of income for three years following
16 incorporation under Title 1 or 2, Business Organizations Code.

17 SECTION 2. This Act applies only to ad valorem taxes imposed
18 for a tax year that begins on or after the effective date of this
19 Act.

20 SECTION 3. This Act takes effect January 1, 2026, but only
21 if the constitutional amendment proposed by the 89th Legislature,
22 Regular Session, 2025, authorizing the legislature to exempt
23 income-producing tangible personal property from ad valorem
24 taxation for a certain period of time is approved by the voters. If

H.B. No. 399

1 that amendment is not approved by the voters, this Act has no
2 effect.