

By: Capriglione

H.B. No. 3424

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the ad valorem taxation of certain dealer's heavy
3 equipment inventory.

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

5 SECTION 1. Section 23.1242, Tax Code, is amended by
6 amending Subsections (b), (e), (f), (g), (j), and (k) and adding
7 Subsections (b-1) and (f-1) to read as follows:

8 (b) Except for an item of heavy equipment sold to a dealer,
9 an item of heavy equipment included in a fleet transaction, an item
10 of heavy equipment that is the subject of a subsequent sale, or an
11 item of heavy equipment that is subject to a lease or rental, an
12 owner or a person who has agreed by contract to pay the owner's
13 current year property taxes levied against the owner's heavy
14 equipment inventory shall assign a unit property tax to each item of
15 heavy equipment sold from a dealer's heavy equipment inventory. In
16 the case of a lease or rental, the owner shall assign a unit
17 property tax to each item of heavy equipment leased or rented. The
18 unit property tax of each item of heavy equipment is determined by
19 multiplying the sales price of the item or the monthly lease or
20 rental payment received for the item, as applicable, by the unit
21 property tax factor. Except as otherwise provided by this
22 subsection, if [~~if~~] the transaction is a lease or rental, the owner
23 shall collect the unit property tax from the lessee or renter at the
24 time the lessee or renter submits payment for the lease or

1 rental. The owner of the equipment shall state the amount of the
2 unit property tax assigned as a separate line item on an
3 invoice. If the item of heavy equipment is leased or rented to the
4 United States or an agency or instrumentality of the United States,
5 the owner of the equipment may not collect the unit property tax
6 from the lessee or renter and may not include the amount of the unit
7 property tax assigned as a separate line item on an invoice provided
8 to the lessee or renter. On or before the 20th day of the month
9 following each calendar quarter [~~month~~] the owner shall, together
10 with the statement filed by the owner as required by this section,
11 deposit with the collector an amount equal to the total of unit
12 property tax assigned to all items of heavy equipment sold, leased,
13 or rented from the dealer's heavy equipment inventory in the
14 preceding calendar quarter [~~month~~] to which a unit property tax was
15 assigned. The money shall be deposited by the collector to the
16 credit of the owner's escrow account for prepayment of property
17 taxes as provided by this section. An escrow account required by
18 this section is used to pay property taxes levied against the
19 dealer's heavy equipment inventory, and the owner shall fund the
20 escrow account as provided by this subsection.

21 (b-1) Not later than December 15 of each year, the collector
22 shall provide written notice to each owner for whom the collector
23 maintains an escrow account under Subsection (c) of the unit
24 property tax factor for the following tax year for each location in
25 which the owner's heavy equipment inventory is located.

26 (e) The comptroller by rule shall adopt a dealer's heavy
27 equipment inventory tax statement form. Each calendar quarter

1 ~~[month]~~, a dealer shall complete the form regardless of whether an
2 item of heavy equipment is sold, leased, or rented. A dealer may
3 use no other form for that purpose. The statement may include the
4 information the comptroller considers appropriate but shall
5 include at least the following:

6 (1) a summary of all items ~~[description of each item]~~
7 of heavy equipment sold, leased, or rented by the dealer during the
8 period covered by the statement ~~[including any unique~~
9 ~~identification or serial number affixed to the item by the~~
10 ~~manufacturer]~~;

11 (2) the aggregate amount received by the dealer
12 attributable to the sales price of or lease or rental payments
13 ~~[payment]~~ received for the items ~~[item]~~ of heavy equipment
14 described by Subdivision (1) ~~[, as applicable]~~; and

15 (3) the total amount of unit property tax assigned by
16 the dealer to the items ~~[of the item]~~ of heavy equipment described
17 by Subdivision (1) ~~[, if any, and~~

18 ~~[(4) the reason no unit property tax is assigned if no~~
19 ~~unit property tax is assigned].~~

20 (f) On or before the 20th day of the month following each
21 calendar quarter ~~[month]~~, a dealer shall file with the collector
22 the statement completed by the dealer summarizing ~~[covering]~~ the
23 sale, lease, or rental of all items ~~[each item]~~ of heavy equipment
24 sold, leased, or rented by the dealer in the preceding calendar
25 quarter ~~[month]~~. On or before the 20th day of the ~~[a]~~ month
26 following a calendar quarter ~~[month]~~ in which a dealer does not
27 sell, lease, or rent an item of heavy equipment, the dealer must

1 file the statement with the collector and indicate that no sales,
2 leases, or rentals were made in the preceding calendar quarter
3 [~~prior month~~].

4 (f-1) A dealer shall [~~file a copy of the statement with the~~
5 ~~chief appraiser and~~] retain complete and accurate records
6 documenting [~~documentation relating to~~] the disposition of all
7 items [~~each item~~] of heavy equipment sold, leased, or rented by the
8 dealer. The comptroller by rule shall prescribe the period for
9 which a dealer is required to retain records under this subsection
10 [~~and the lease or rental of each item of heavy equipment~~]. A chief
11 appraiser or collector may examine records [~~documents~~] held by a
12 dealer as required [~~provided~~] by this subsection in the same
13 manner, and subject to the same conditions, as provided by Section
14 23.1241(g).

15 (g) Except as provided by this subsection, Subsection (f)
16 applies to any dealer, regardless of whether a dealer owes heavy
17 equipment inventory tax for the current year. A dealer who owes no
18 heavy equipment inventory tax for the current year because the
19 dealer was not in business on January 1:

20 (1) shall file the statement required by this section
21 showing the information required by this section for each calendar
22 quarter [~~month~~] that the dealer is in business; and

23 (2) may not assign a unit property tax to an item of
24 heavy equipment sold by the dealer or remit money with the statement
25 except in compliance with the terms of a contract as provided by
26 Subsection (k).

27 (j) The collector shall remit to each appropriate taxing

1 unit the total amount collected by the collector in deficiency
2 payments. The assessor of each taxing unit shall apply those funds
3 to the taxes owed by the owner. Taxes that are due but not received
4 by the collector on or before January 31 are delinquent. Not later
5 than February 15, the collector shall distribute to each
6 appropriate taxing unit in the manner provided by this section all
7 funds collected under authority of this section and held in escrow
8 by the collector under this section. The [~~This section does not~~
9 ~~impose a duty on a~~] collector shall [~~to~~] collect delinquent taxes as
10 required by this section regardless of whether [~~that~~] the collector
11 is [~~not~~] otherwise obligated by law or contract to collect the
12 delinquent taxes.

13 (k) A person who acquires the business or assets of an owner
14 may, by contract, agree to pay the current year heavy equipment
15 inventory taxes owed by the owner. The person who acquires the
16 business or assets of the owner may use the same unit property tax
17 factor that the owner who owes the current year tax would use when
18 paying the current year tax. The owner who owes the current year
19 tax and the person who acquires the business or assets of the owner
20 shall jointly notify the chief appraiser and the collector of the
21 terms of the agreement and of the fact that the other person has
22 agreed to pay the current year heavy equipment inventory taxes owed
23 by the dealer. The chief appraiser and the collector shall adjust
24 their records accordingly. Notwithstanding Section 23.1241, a
25 person who agrees to pay current year heavy equipment inventory
26 taxes as provided by this subsection is not required to file a
27 declaration until the year following the acquisition. This

1 subsection does not relieve the selling owner of the tax liability.

2 SECTION 2. This Act applies only to ad valorem taxes imposed
3 for an ad valorem tax year that begins on or after the effective
4 date of this Act.

5 SECTION 3. This Act takes effect January 1, 2026