

By: Money

H.B. No. 4360

A BILL TO BE ENTITLED

AN ACT

relating to the exemption of tangible personal property from ad valorem taxation; making conforming changes.

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

SECTION 1. Section 6.24(b), Tax Code, is amended to read as follows:

(b) The commissioners court with the approval of the county assessor-collector may contract as provided by the Interlocal Cooperation Act with the governing body of another taxing unit in the county or with the board of directors of the appraisal district for the other taxing unit or the district to perform duties relating to the assessment or collection of taxes for the county. If a county contracts to have its taxes assessed and collected by another taxing unit or by the appraisal district, ~~[except as provided by Subsection (c),]~~ the contract shall require the other taxing unit or the district to assess and collect all taxes the county is required to assess and collect.

SECTION 2. The heading to Section 11.01, Tax Code, is amended to read as follows:

Sec. 11.01. REAL ~~[AND TANGIBLE PERSONAL]~~ PROPERTY.

SECTION 3. Section 11.01(a), Tax Code, is amended to read as follows:

(a) All real ~~[and tangible personal]~~ property that this state has jurisdiction to tax is taxable unless exempt by law.

SECTION 4. Subchapter A, Chapter 11, Tax Code, is amended by adding Section 11.015 to read as follows:

Sec. 11.015. TANGIBLE PERSONAL PROPERTY. (a) Tangible personal property is not taxable for a tax year that begins on or after January 1, 2026.

(b) On and after January 1, 2026, a provision of this code or another law that would otherwise apply to the taxation of tangible personal property for a tax year that begins on or after that date has no effect for that tax year.

SECTION 5. Section 11.18(a), Tax Code, is amended to read as follows:

(a) An organization that qualifies as a charitable organization as provided by this section is entitled to an exemption from taxation of:

(1) the buildings [~~and tangible personal property~~] that:

(A) are owned by the charitable organization; and

(B) except as permitted by Subsection (b), are used exclusively by qualified charitable organizations;

(2) the real property owned by the charitable organization consisting of:

(A) an incomplete improvement that:

(i) is under active construction or other physical preparation; and

(ii) is designed and intended to be used exclusively by qualified charitable organizations; and

(B) the land on which the incomplete improvement

1 is located that will be reasonably necessary for the use of the  
2 improvement by qualified charitable organizations; and

3 (3) if the charitable organization is described by  
4 Subsection (d)(1), (2), (3)(A)(ii), (5), (8), (13), (15), or (19),  
5 the real property owned by the charitable organization consisting  
6 of an interest in a mineral in place, including a royalty interest,  
7 provided that the interest:

8 (A) is not severed from the surface estate; or

9 (B) was donated to the charitable organization by  
10 the previous owner of the interest.

11 SECTION 6. Section 11.181(c), Tax Code, is amended to read  
12 as follows:

13 (c) An organization entitled to an exemption under  
14 Subsection (a) is also entitled to an exemption from taxation of any  
15 building ~~[or tangible personal property]~~ the organization owns and  
16 uses in the administration of its acquisition, building, repair, or  
17 sale of property. To qualify for an exemption under this  
18 subsection, property must be used exclusively by the charitable  
19 organization, except that another individual or organization may  
20 use the property for activities incidental to the charitable  
21 organization's use that benefit the beneficiaries of the charitable  
22 organization.

23 SECTION 7. Section 11.182(f), Tax Code, is amended to read  
24 as follows:

25 (f) An organization entitled to an exemption under  
26 Subsection (b) is also entitled to an exemption from taxation of any  
27 building ~~[or tangible personal property]~~ the organization owns and

1 uses in the administration of its acquisition, building, repair,  
2 sale, or rental of property. To qualify for an exemption under this  
3 subsection, property must be used exclusively by the organization,  
4 except that another person may use the property for activities  
5 incidental to the organization's use that benefit the beneficiaries  
6 of the organization.

7 SECTION 8. Section 11.1827(d), Tax Code, is amended to read  
8 as follows:

9 (d) A community land trust entitled to an exemption from  
10 taxation by a taxing unit under Subsection (b) is also entitled to  
11 an exemption from taxation by the taxing unit of any real ~~or~~  
12 ~~tangible personal~~ property the trust owns and uses in the  
13 administration of its acquisition, construction, repair, sale, or  
14 leasing of property. To qualify for an exemption under this  
15 subsection, property must be used exclusively by the trust, except  
16 that another person may use the property for activities incidental  
17 to the trust's use that benefit the beneficiaries of the trust.

18 SECTION 9. Section 11.184(c), Tax Code, is amended to read  
19 as follows:

20 (c) A qualified charitable organization is entitled to an  
21 exemption from taxation of:

22 (1) the buildings and other real property ~~and the~~  
23 ~~tangible personal property~~ that:

24 (A) are owned by the organization; and

25 (B) except as permitted by Subsection (d), are  
26 used exclusively by the organization and other organizations  
27 eligible for an exemption from taxation under this section or

Section 11.18; and

(2) the real property owned by the organization consisting of:

(A) an incomplete improvement that:

(i) is under active construction or other physical preparation; and

(ii) is designed and intended to be used exclusively by the organization and other organizations eligible for an exemption from taxation under this section or Section 11.18; and

(B) the land on which the incomplete improvement is located that will be reasonably necessary for the use of the improvement by the organization and other organizations eligible for an exemption from taxation under this section or Section 11.18.

SECTION 10. Section 11.185(c), Tax Code, is amended to read as follows:

(c) An organization entitled to an exemption under Subsection (a) is also entitled to an exemption from taxation of any building ~~[or tangible personal property]~~ the organization owns and uses in the administration of its acquisition, building, repair, or sale of property. To qualify for an exemption under this subsection, property must be used exclusively by the charitable organization, except that another individual or organization may use the property for activities incidental to the charitable organization's use that benefit the beneficiaries of the charitable organization.

SECTION 11. Sections 11.20(a), (d), (f), (g), (h), (j), and

(k), Tax Code, are amended to read as follows:

(a) An organization that qualifies as a religious organization as provided by Subsection (c) is entitled to an exemption from taxation of:

(1) the real property that is owned by the religious organization, is used primarily as a place of regular religious worship, and is reasonably necessary for engaging in religious worship;

~~(2) [the tangible personal property that is owned by the religious organization and is reasonably necessary for engaging in worship at the place of worship specified in Subdivision (1)];~~

~~(3)~~ the real property that is owned by the religious organization and is reasonably necessary for use as a residence (but not more than one acre of land for each residence) if the property:

(A) is used exclusively as a residence for those individuals whose principal occupation is to serve in the clergy of the religious organization; and

(B) produces no revenue for the religious organization;

(3) ~~[(4) the tangible personal property that is owned by the religious organization and is reasonably necessary for use of the residence specified by Subdivision (3)];~~

~~(5)~~ the real property owned by the religious organization consisting of:

(A) an incomplete improvement that is under active construction or other physical preparation and that is

1 designed and intended to be used by the religious organization as a  
2 place of regular religious worship when complete; and

3 (B) the land on which the incomplete improvement  
4 is located that will be reasonably necessary for the religious  
5 organization's use of the improvement as a place of regular  
6 religious worship;

7 (4) ~~[(6)]~~ the land that the religious organization  
8 owns for the purpose of expansion of the religious organization's  
9 place of regular religious worship or construction of a new place of  
10 regular religious worship if:

11 (A) the religious organization qualifies other  
12 property, including a portion of the same tract or parcel of land,  
13 owned by the organization for an exemption under Subdivision (1) or  
14 (3) ~~[(5)]~~; and

15 (B) the land produces no revenue for the  
16 religious organization; and

17 (5) ~~[(7)]~~ the real property owned by the religious  
18 organization that is leased to another person and used by that  
19 person for the operation of a school that qualifies as a school  
20 under Section 11.21(d).

21 (d) Use of property that qualifies for the exemption  
22 prescribed by Subsection (a)(1) or ~~[(2) or by Subsection]~~ (h)(1)  
23 for occasional secular purposes other than religious worship does  
24 not result in loss of the exemption if the primary use of the  
25 property is for religious worship and all income from the other use  
26 is devoted exclusively to the maintenance and development of the  
27 property as a place of religious worship.

(f) A property may not be exempted under Subsection (a)(3) [~~(a)(5)~~] for more than three years.

(g) For purposes of Subsection (a)(3) [~~(a)(5)~~], an incomplete improvement is under physical preparation if the religious organization has engaged in architectural or engineering work, soil testing, land clearing activities, or site improvement work necessary for the construction of the improvement or has conducted an environmental or land use study relating to the construction of the improvement.

(h) Property owned by this state or a political subdivision of this state, including a leasehold or other possessory interest in the property, that is held or occupied by an organization that qualifies as a religious organization as provided by Subsection (c) is entitled to an exemption from taxation if the property:

(1) is used by the organization primarily as a place of regular religious worship and is reasonably necessary for engaging in religious worship; or

(2) meets the qualifications for an exemption under Subsection (a)(3) [~~(a)(5)~~].

(j) A tract of land that is contiguous to the tract of land on which the religious organization's place of regular religious worship is located may not be exempted under Subsection (a)(4) [~~(a)(6)~~] for more than 10 years. A tract of land that is not contiguous to the tract of land on which the religious organization's place of regular religious worship is located may not be exempted under Subsection (a)(4) [~~(a)(6)~~] for more than three years. For purposes of this subsection, a tract of land is

1 considered to be contiguous with another tract of land if the tracts  
2 are divided only by a road, railroad track, river, or stream.

3 (k) For purposes of Subsection (a)(4) [~~(a)(6)~~], an  
4 application or statement accompanying an application for the  
5 exemption stating that the land is owned for the purposes described  
6 by Subsection (a)(4) [~~(a)(6)~~] and signed by an authorized officer  
7 of the organization is sufficient to establish that the land is  
8 owned for those purposes.

9 SECTION 12. Sections 11.201(a) and (c), Tax Code, are  
10 amended to read as follows:

11 (a) If land is sold or otherwise transferred to another  
12 person in a year in which the land receives an exemption under  
13 Section 11.20(a)(4) [~~11.20(a)(6)~~], an additional tax is imposed on  
14 the land equal to the tax that would have been imposed on the land  
15 had the land been taxed for each of the five years preceding the  
16 year in which the sale or transfer occurs in which the land received  
17 an exemption under that subsection, plus interest at an annual rate  
18 of seven percent calculated from the dates on which the taxes would  
19 have become due.

20 (c) If only part of a parcel of land that is exempted under  
21 Section 11.20(a)(4) [~~11.20(a)(6)~~] is sold or transferred, the tax  
22 applies only to that part of the parcel and equals the taxes that  
23 would have been imposed had that part been taxed.

24 SECTION 13. Sections 11.21(a), (b), and (f), Tax Code, are  
25 amended to read as follows:

26 (a) A person is entitled to an exemption from taxation of:

27 (1) the buildings [~~and tangible personal property~~]

1 that the person owns and that are used for a school that is  
2 qualified as provided by Subsection (d) if:

3 (A) the school is operated exclusively by the  
4 person owning the property;

5 (B) except as permitted by Subsection (b), the  
6 buildings [~~and tangible personal property~~] are used exclusively for  
7 educational functions; and

8 (C) the buildings [~~and tangible personal~~  
9 ~~property~~] are reasonably necessary for the operation of the school;  
10 and

11 (2) the real property owned by the person consisting  
12 of:

13 (A) an incomplete improvement that:

14 (i) is under active construction or other  
15 physical preparation; and

16 (ii) is designed and intended to be used for  
17 a school that is qualified as provided by Subsection (d); and

18 (B) the land on which the incomplete improvement  
19 is located that will be reasonably necessary for the use of the  
20 improvement for a school that is qualified as provided by  
21 Subsection (d).

22 (b) Use of exempt [~~tangible~~] property for functions other  
23 than educational functions does not result in loss of an exemption  
24 authorized by this section if those other functions are incidental  
25 to use of the property for educational functions and benefit the  
26 students or faculty of the school.

27 (f) Notwithstanding Subsection (a), a person is entitled to

1 an exemption from taxation of the buildings [~~and tangible personal~~  
2 ~~property~~] the person acquires for use for a school that meets each  
3 requirement of Subsection (d) if:

4 (1) the person authorizes the former owner to continue  
5 to use the property pending the use of the property for a school;  
6 and

7 (2) the former owner would be entitled to an exemption  
8 from taxation of the property if the former owner continued to own  
9 the property.

10 SECTION 14. Section 11.23(m), Tax Code, is amended to read  
11 as follows:

12 (m) National Hispanic Institute. The National Hispanic  
13 Institute is entitled to an exemption from taxation of the real [~~and~~  
14 ~~tangible personal~~] property it owns as long as the organization is  
15 exempt from federal income taxation under Section 501(a), Internal  
16 Revenue Code of 1986, as an organization described by Section  
17 501(c)(3) of that code.

18 SECTION 15. Section 11.231(b), Tax Code, is amended to read  
19 as follows:

20 (b) An association that qualifies as a nonprofit community  
21 business organization as provided by this section is entitled to an  
22 exemption from taxation of:

23 (1) the buildings [~~and tangible personal property~~]  
24 that:

25 (A) are owned by the nonprofit community business  
26 organization; and

27 (B) except as permitted by Subsection (c), are

used exclusively by qualified nonprofit community business organizations to perform their primary functions; and

(2) the real property owned by the nonprofit community business organization consisting of:

(A) an incomplete improvement that:

(i) is under active construction or other physical preparation; and

(ii) is designed and intended to be used exclusively by qualified nonprofit community business organizations; and

(B) the land on which the incomplete improvement is located that will be reasonably necessary for the use of the improvement by qualified nonprofit community business organizations.

SECTION 16. Section 11.35(a)(2), Tax Code, is amended to read as follows:

(2) "Qualified property" means property that:

(A) consists of:

(i) ~~[tangible personal property used for the production of income,~~

~~[(ii)]~~ an improvement to real property; or

(ii) ~~[(iii)]~~ a manufactured home as that term is defined by Section 1201.003, Occupations Code, that is used as a dwelling, regardless of whether the owner of the manufactured home elects to treat the manufactured home as real property under Section 1201.2055, Occupations Code;

(B) is located in an area declared by the

governor to be a disaster area following a disaster; and

(C) is at least 15 percent damaged by the disaster, as determined by the chief appraiser under this section~~+~~ and

~~[(D) for property described by Paragraph (A)(i), is the subject of a rendition statement or property report filed by the property owner under Section 22.01 that demonstrates that the property had taxable situs in the disaster area for the tax year in which the disaster occurred].~~

SECTION 17. Section 11.35(g), Tax Code, is amended to read as follows:

(g) The chief appraiser shall assign to an item of qualified property:

(1) a Level I damage assessment rating if the property is at least 15 percent, but less than 30 percent, damaged, meaning that the property suffered minimal damage and may continue to be used as intended;

(2) a Level II damage assessment rating if the property is at least 30 percent, but less than 60 percent, damaged, meaning ~~[which, for qualified property described by Subsection (a)(2)(A)(ii) or (iii), means]~~ that the property has suffered only nonstructural damage, including nonstructural damage to the roof, walls, foundation, or mechanical components, and the waterline, if any, is less than 18 inches above the floor;

(3) a Level III damage assessment rating if the property is at least 60 percent damaged but is not a total loss, meaning ~~[which, for qualified property described by Subsection~~

1 ~~(a)(2)(A)(ii) or (iii), means]~~ that the property has suffered  
2 significant structural damage requiring extensive repair due to the  
3 failure or partial failure of structural elements, wall elements,  
4 or the foundation, or the waterline is at least 18 inches above the  
5 floor; or

6 (4) a Level IV damage assessment rating if the  
7 property is a total loss, meaning that repair of the property is not  
8 feasible.

9 SECTION 18. Sections 11.42(b) and (d), Tax Code, are  
10 amended to read as follows:

11 (b) An exemption authorized by Section 11.11 ~~[or 11.141]~~ is  
12 effective immediately on qualification for the exemption.

13 (d) A person who acquires property after January 1 of a tax  
14 year may receive an exemption authorized by Section 11.17, 11.18,  
15 11.19, 11.20, 11.21, 11.23, 11.231, or 11.30 ~~[, or 11.36]~~ for the  
16 applicable portion of that tax year immediately on qualification  
17 for the exemption.

18 SECTION 19. Sections 11.43(a), (b), (c), and (e), Tax Code,  
19 are amended to read as follows:

20 (a) To receive an exemption, a person claiming the  
21 exemption, other than an exemption authorized by Section 11.11,  
22 11.12, or ~~[11.14, 11.141, 11.145]~~ 11.146 ~~[, 11.15, 11.16, 11.161,~~  
23 ~~or 11.25]~~, must apply for the exemption. To apply for an exemption,  
24 a person must file an exemption application form with the chief  
25 appraiser for each appraisal district in which the property subject  
26 to the claimed exemption has situs.

27 (b) Except as provided by Subsection (c) and by Section

1 ~~[Sections]~~ 11.184 ~~[and 11.437]~~, a person required to apply for an  
2 exemption must apply each year the person claims entitlement to the  
3 exemption.

4 (c) An exemption provided by Section 11.13, 11.131, 11.132,  
5 11.133, 11.134, 11.17, 11.18, 11.182, 11.1827, 11.183, 11.19,  
6 11.20, 11.21, 11.22, 11.23(a), (h), (j), (j-1), or (m), 11.231,  
7 ~~[11.254,]~~ 11.27, ~~[11.271,]~~ 11.29, 11.30, 11.31, ~~[11.315,]~~ 11.35, or  
8 11.37 ~~[11.36]~~, once allowed, need not be claimed in subsequent  
9 years, and except as otherwise provided by Subsection (e), the  
10 exemption applies to the property until it changes ownership or the  
11 person's qualification for the exemption changes. However, except  
12 as provided by Subsection (r), the chief appraiser may require a  
13 person allowed one of the exemptions in a prior year to file a new  
14 application to confirm the person's current qualification for the  
15 exemption by delivering a written notice that a new application is  
16 required, accompanied by an appropriate application form, to the  
17 person previously allowed the exemption. If the person previously  
18 allowed the exemption is 65 years of age or older, the chief  
19 appraiser may not cancel the exemption due to the person's failure  
20 to file the new application unless the chief appraiser complies  
21 with the requirements of Subsection (q), if applicable.

22 (e) Except as provided by Section 11.422, 11.431, 11.433,  
23 11.434, 11.435, or 11.439, ~~[or 11.4391,]~~ if a person required to  
24 apply for an exemption in a given year fails to file timely a  
25 completed application form, the person may not receive the  
26 exemption for that year.

27 SECTION 20. Section 21.06(a), Tax Code, is amended to read

1 as follows:

2 (a) Except as provided by Section 21.08 [~~Sections 21.07~~  
3 ~~through 21.09 of this code~~], intangible property is taxable by a  
4 taxing unit if the owner of the property resides in the taxing unit  
5 on January 1, unless the property normally is used in this state for  
6 business purposes outside the taxing unit. In that event, the  
7 intangible property is taxable by each taxing unit in which the  
8 property normally is used for business purposes.

9 SECTION 21. Sections 22.01(a), (b), (c), (c-2), (f), and  
10 (g), Tax Code, are amended to read as follows:

11 (a) [~~Except as provided by Chapter 24, a person shall render~~  
12 ~~for taxation all tangible personal property used for the production~~  
13 ~~of income that the person owns or that the person manages and~~  
14 ~~controls as a fiduciary on January 1.~~] A rendition statement shall  
15 contain:

16 (1) the name and address of the property owner;  
17 (2) a description of the property by type or category;  
18 (3) [~~if the property is inventory, a description of~~  
19 ~~each type of inventory and a general estimate of the quantity of~~  
20 ~~each type of inventory,~~

21 [~~(4)~~] the physical location or taxable situs of the  
22 property; and

23 (4) [~~(5)~~] the property owner's good faith estimate of  
24 the market value of the property or, at the option of the property  
25 owner, the historical cost when new and the year of acquisition of  
26 the property.

27 (b) When required by the chief appraiser, a person shall

1 render for taxation any ~~[other]~~ taxable property that the person  
2 ~~[he]~~ owns or that the person ~~[he]~~ manages and controls as a  
3 fiduciary on January 1.

4 (c) A person may render for taxation any property that the  
5 person ~~[he]~~ owns or that the person ~~[he]~~ manages and controls as a  
6 fiduciary on January 1, although the person ~~[he]~~ is not required to  
7 render it by Subsection ~~[(a) or]~~ (b) ~~[of this section]~~.

8 (c-2) With the consent of the property owner, a secured  
9 party may render for taxation any property of the property owner in  
10 which the secured party has a security interest on January 1,  
11 although the secured party is not required to render the property by  
12 Subsection ~~[(a) or]~~ (b). This subsection applies only to property  
13 that has a historical cost when new of more than \$50,000.

14 (f) Notwithstanding Subsection ~~[Subsections]~~ (a) ~~[and (b)]~~,  
15 a rendition statement of a person who owns ~~[tangible personal]~~  
16 property ~~[used for the production of income]~~ located in the  
17 appraisal district that, in the owner's opinion, has an aggregate  
18 value of less than \$20,000 is required to contain only:

19 (1) the name and address of the property owner;

20 (2) a general description of the property by type or  
21 category; and

22 (3) the physical location or taxable situs of the  
23 property.

24 (g) A person's good faith estimate of the market value of  
25 the property under Subsection (a)(4) ~~[(a)(5)]~~ is solely for the  
26 purpose of compliance with any ~~[the]~~ requirement to render  
27 ~~[tangible personal]~~ property and is inadmissible in any subsequent

1 protest, hearing, appeal, suit, or other proceeding under this  
2 title involving the property, except for:

3 (1) a proceeding to determine whether the person  
4 complied with this section;

5 (2) a proceeding under Section 22.29(b); or

6 (3) a protest under Section 41.41.

7 SECTION 22. Section 22.02, Tax Code, is amended to read as  
8 follows:

9 Sec. 22.02. RENDITION OF PROPERTY LOSING EXEMPTION DURING  
10 TAX YEAR ~~[OR FOR WHICH EXEMPTION APPLICATION IS DENIED]~~. ~~[(a)]~~ If  
11 an exemption applicable to a property on January 1 terminates  
12 during the tax year, the person who owns or acquires the property on  
13 the date applicability of the exemption terminates shall render the  
14 property for taxation within 30 days after the date of termination.

15 ~~[(b) If the chief appraiser denies an application for an~~  
16 ~~exemption for property described by Section 22.01(a), the person~~  
17 ~~who owns the property on the date the application is denied shall~~  
18 ~~render the property for taxation in the manner provided by Section~~  
19 ~~22.01 within 30 days after the date of denial.]~~

20 SECTION 23. Section 22.05, Tax Code, is amended to read as  
21 follows:

22 Sec. 22.05. RENDITION BY RAILROAD. (a) A ~~[In addition to~~  
23 ~~other reports required by Chapter 24 of this code, a]~~ railroad  
24 corporation shall render the real property the railroad corporation  
25 owns or possesses as of January 1.

26 (b) The rendition shall:

27 (1) list all real property other than the property

covered by Subdivision (2) ~~[of this subsection]~~; and

(2) list the number of miles of railroad together with the market value per mile, which value shall include right-of-way, roadbed, superstructure, and all buildings and improvements used in the operation of the railroad~~[, and~~

~~[(3) list all personal property as required by Section 22.01 of this code]~~.

SECTION 24. The heading to Section 22.07, Tax Code, is amended to read as follows:

Sec. 22.07. STATEMENT INDICATING HOW VALUE RENDERED  
~~[INSPECTION OF PROPERTY]~~.

SECTION 25. Section 22.07, Tax Code, is amended by amending Subsection (c) and adding Subsection (c-1) to read as follows:

(c) The chief appraiser may request, either in writing or by electronic means, that the property owner provide a statement containing supporting information indicating how the value rendered under Section 22.01(a)(4) ~~[22.01(a)(5)]~~ was determined. The statement must:

(1) summarize information sufficient to identify the property, including:

(A) the physical and economic characteristics relevant to the opinion of value, if appropriate; and

(B) the source of the information used;

(2) state the effective date of the opinion of value; and

(3) explain the basis of the value rendered.

(c-1) If the property owner is a business with 50 employees

1 or less, the property owner may base the estimate of value on the  
2 depreciation schedules used for federal income tax purposes.

3 SECTION 26. Section 22.24(e), Tax Code, is amended to read  
4 as follows:

5 (e) To be valid, a rendition or report must be sworn to  
6 before an officer authorized by law to administer an oath. The  
7 comptroller may not prescribe or approve a rendition or report form  
8 unless the form provides for the person filing the form to swear  
9 that the information provided in the rendition or report is true and  
10 accurate to the best of the person's knowledge and belief. This  
11 subsection does not apply to a rendition or report filed:

- 12 (1) by a secured party, as defined by Section 22.01;  
13 (2) by the property owner;  
14 (3) by an employee of the property owner; or  
15 (4) by an employee of a property owner on behalf of an  
16 affiliated entity of the property owner [~~or~~

17 [~~(5) on behalf of a property owner who is rendering~~  
18 ~~tangible personal property used for the production of income and~~  
19 ~~whose good faith estimate of the market value of that property is~~  
20 ~~not more than \$150,000]~~.

21 SECTION 27. Section 23.014, Tax Code, is amended to read as  
22 follows:

23 Sec. 23.014. EXCLUSION OF PROPERTY AS REAL PROPERTY. In  
24 [~~Except as provided by Section 23.24(b), in~~] determining the market  
25 value of real property, the chief appraiser shall analyze the  
26 effect on that value of, and exclude from that value the value of,  
27 any:

1           (1) tangible personal property, including trade  
2 fixtures;

3           (2) intangible personal property;

4           (3) chicken coops or rabbit pens used for the  
5 noncommercial production of food for personal consumption; or

6           (4) other property that is not subject to appraisal as  
7 real property.

8           SECTION 28. Sections 23.12(a) and (f), Tax Code, are  
9 amended to read as follows:

10          (a) ~~The~~ ~~[Except as provided by Sections 23.121, 23.1241,~~  
11 ~~23.124, and 23.127, the]~~ market value of a real property ~~[an]~~  
12 inventory is the price for which it would sell as a unit to a  
13 purchaser who would continue the business. A real property ~~[An]~~  
14 inventory includes ~~[shall include]~~ residential real property which  
15 has never been occupied as a residence and is held for sale in the  
16 ordinary course of a trade or business, provided that the  
17 residential real property remains unoccupied, is not leased or  
18 rented, and produces no income.

19          (f) The owner of an inventory ~~[other than a dealer's motor~~  
20 ~~vehicle inventory as that term is defined by Section 23.121, a~~  
21 ~~dealer's heavy equipment inventory as that term is defined by~~  
22 ~~Section 23.1241, or a dealer's vessel and outboard motor inventory~~  
23 ~~as that term is defined by Section 23.124, or a retail manufactured~~  
24 ~~housing inventory as that term is defined by Section 23.127]~~ may  
25 elect to have the inventory appraised at its market value as of  
26 September 1 of the year preceding the tax year to which the  
27 appraisal applies by filing an application with the chief appraiser

1 requesting that the inventory be appraised as of September 1. The  
 2 application must clearly describe the inventory to which it applies  
 3 and be signed by the owner of the inventory. The application  
 4 applies to the appraisal of the inventory in each tax year that  
 5 begins after the next August 1 following the date the application is  
 6 filed with the chief appraiser unless the owner of the inventory by  
 7 written notice filed with the chief appraiser revokes the  
 8 application or the ownership of the inventory changes. A notice  
 9 revoking the application is effective for each tax year that begins  
 10 after the next September following the date the notice of  
 11 revocation is filed with the chief appraiser.

12 SECTION 29. Sections 25.25(e) and (m), Tax Code, are  
 13 amended to read as follows:

14 (e) If the chief appraiser and the property owner do not  
 15 agree to the correction before the 15th day after the date the  
 16 motion is filed, a party bringing a motion under Subsection (c)[~~7~~  
 17 ~~(c-1)~~], or (d) is entitled on request to a hearing on and a  
 18 determination of the motion by the appraisal review board. A party  
 19 bringing a motion under this section must describe the error or  
 20 errors that the motion is seeking to correct. If a request for  
 21 hearing is made on or after January 1 but before September 1, the  
 22 appraisal review board shall schedule the hearing to be held as soon  
 23 as practicable but not later than the 90th day after the date the  
 24 board approves the appraisal records as provided by Section 41.12.  
 25 If a request for hearing is made on or after September 1 but before  
 26 January 1 of the following tax year, the appraisal review board  
 27 shall schedule the hearing to be held as soon as practicable but not

1 later than the 90th day after the date the request for the hearing  
2 is made. Not later than 15 days before the date of the hearing, the  
3 board shall deliver written notice of the date, time, and place of  
4 the hearing to the chief appraiser, the property owner, and the  
5 presiding officer of the governing body of each taxing unit in which  
6 the property is located. The chief appraiser, the property owner,  
7 and each taxing unit are entitled to present evidence and argument  
8 at the hearing and to receive written notice of the board's  
9 determination of the motion. The property owner is entitled to  
10 elect to present the owner's evidence and argument before, after,  
11 or between the cases presented by the chief appraiser and each  
12 taxing unit. A property owner who files the motion must comply with  
13 the payment requirements of Section 25.26 or forfeit the right to a  
14 final determination of the motion.

15 (m) The hearing on a motion under Subsection (c) [~~-(c-1)-~~]  
16 or (d) shall be conducted in the manner provided by Subchapter C,  
17 Chapter 41.

18 SECTION 30. Section 26.012, Tax Code, is amended by  
19 amending Subdivisions (6), (15), and (18) and adding Subdivision  
20 (13-a) to read as follows:

21 (6) "Current total value" means the total taxable  
22 value of property listed on the appraisal roll for the current year,  
23 including all appraisal roll supplements and corrections as of the  
24 date of the calculation, less the taxable value of property  
25 exempted for the current tax year for the first time under Section  
26 11.31 [~~or 11.315~~], except that:

27 (A) the current total value for a school district

1 excludes:

2 (i) the total value of homesteads that  
3 qualify for a tax limitation as provided by Section 11.26;

4 (ii) new property value of property that is  
5 subject to an agreement entered into under former Subchapter B or C,  
6 Chapter 313; and

7 (iii) new property value of property that  
8 is subject to an agreement entered into under Subchapter T, Chapter  
9 403, Government Code; and

10 (B) the current total value for a county,  
11 municipality, or junior college district excludes the total value  
12 of homesteads that qualify for a tax limitation provided by Section  
13 11.261.

14 (13-a) "Last year's tangible personal property levy"  
15 means the amount of taxes levied in the preceding year on property  
16 value that was taxable in the preceding year but is not taxable in  
17 the current year because the property is exempt in the current year  
18 under Section 11.015. This subdivision expires January 1, 2027.

19 (15) "Lost property levy" means the amount of taxes  
20 levied in the preceding year on property value that was taxable in  
21 the preceding year but is not taxable in the current year because  
22 the property is exempt in the current year under a provision of this  
23 code other than Section [~~11.251, 11.253, or~~] 11.35, the property  
24 has qualified for special appraisal under Chapter 23 in the current  
25 year, or the property is located in territory that has ceased to be  
26 a part of the taxing unit since the preceding year.

27 (18) "No-new-revenue maintenance and operations rate"

1 means a rate expressed in dollars per \$100 of taxable value  
2 calculated as follows:

3 (A) for a taxing unit other than a school  
4 district, the rate calculated according to the following formula:

5 NO-NEW-REVENUE MAINTENANCE AND OPERATIONS RATE = (LAST  
6 YEAR'S LEVY - LAST YEAR'S DEBT LEVY - LAST YEAR'S JUNIOR COLLEGE LEVY  
7 - LAST YEAR'S TANGIBLE PERSONAL PROPERTY LEVY) / (CURRENT TOTAL  
8 VALUE - NEW PROPERTY VALUE)

9 ; or

10 (B) for a school district, the rate calculated as  
11 provided by Section 44.004(c)(5)(A)(ii)(a), Education Code.

12 SECTION 31. Effective January 1, 2027, Section 26.012(18),  
13 Tax Code, is amended to read as follows:

14 (18) "No-new-revenue maintenance and operations rate"  
15 means a rate expressed in dollars per \$100 of taxable value  
16 calculated as follows:

17 (A) for a taxing unit other than a school  
18 district, the rate calculated according to the following formula:

19 NO-NEW-REVENUE MAINTENANCE AND OPERATIONS RATE = (LAST  
20 YEAR'S LEVY - LAST YEAR'S DEBT LEVY - LAST YEAR'S JUNIOR COLLEGE  
21 LEVY) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)

22 ; or

23 (B) for a school district, the rate calculated as  
24 provided by Section 44.004(c)(5)(A)(ii)(a), Education Code.

25 SECTION 32. Section 26.09(b), Tax Code, is amended to read  
26 as follows:

27 (b) ~~[The county assessor-collector shall add the properties~~

1 ~~and their values certified to him as provided by Chapter 24 of this~~  
2 ~~code to the appraisal roll for county tax purposes.]~~ The county  
3 assessor-collector shall use the appraisal roll certified to the  
4 county assessor-collector [him] as provided by Section 26.01 ~~[with~~  
5 ~~the added properties and values]~~ to calculate county taxes.

6 SECTION 33. Section 31.032(a), Tax Code, is amended to read  
7 as follows:

8 (a) This section applies only to:

9 (1) real property that:

10 (A) is:

11 (i) the residence homestead of the owner or  
12 consists of property that is used for residential purposes and that  
13 has fewer than five living units; or

14 (ii) owned or leased by a business entity  
15 that had not more than the amount calculated as provided by  
16 Subsection (h) in gross receipts in the entity's most recent  
17 federal tax year or state franchise tax annual period, according to  
18 the applicable federal income tax return or state franchise tax  
19 report of the entity;

20 (B) is located in a disaster area or emergency  
21 area; and

22 (C) has been damaged as a direct result of the  
23 disaster or emergency; and

24 (2) ~~[tangible personal property that is owned or~~  
25 ~~leased by a business entity described by Subdivision (1)(A)(ii),~~  
26 ~~and~~

27 ~~[(3)]~~ taxes that are imposed on the property by a

1 taxing unit before the first anniversary of the disaster or  
2 emergency.

3 SECTION 34. Section 31.033(b), Tax Code, is amended to read  
4 as follows:

5 (b) This section applies only to:

6 (1) real property that:

7 (A) is owned or leased by a business entity that  
8 had not more than the amount calculated as provided by Section  
9 31.032(h) in gross receipts in the entity's most recent federal tax  
10 year or state franchise tax annual period, according to the  
11 applicable federal income tax return or state franchise tax report  
12 of the entity;

13 (B) is located in a disaster area or emergency  
14 area; and

15 (C) has not been damaged as a direct result of the  
16 disaster or emergency; and

17 (2) ~~[tangible personal property that is owned or~~  
18 ~~leased by a business entity described by Subdivision (1)(A), and~~

19 ~~[(3)]~~ taxes that are imposed on the property by a  
20 taxing unit before the first anniversary of the disaster or  
21 emergency.

22 SECTION 35. Section 41.44(a), Tax Code, is amended to read  
23 as follows:

24 (a) Except as provided by Subsections (b), (c), (c-1), and  
25 (c-2), to be entitled to a hearing and determination of a protest,  
26 the property owner initiating the protest must file a written  
27 notice of the protest with the appraisal review board having

1 authority to hear the matter protested:

2 (1) not later than May 15 or the 30th day after the  
3 date that notice to the property owner was delivered to the property  
4 owner as provided by Section 25.19, whichever is later;

5 (2) in the case of a protest of a change in the  
6 appraisal records ordered as provided by Subchapter A of this  
7 chapter or by Chapter 25, not later than the 30th day after the date  
8 notice of the change is delivered to the property owner;

9 (3) in the case of a determination that a change in the  
10 use of land appraised under Subchapter C, D, E, or H, Chapter 23,  
11 has occurred, not later than the 30th day after the date the notice  
12 of the determination is delivered to the property owner; or

13 ~~(4) [in the case of a determination of eligibility for~~  
14 ~~a refund under Section 23.1243, not later than the 30th day after~~  
15 ~~the date the notice of the determination is delivered to the~~  
16 ~~property owner; or~~

17 ~~[(5)]~~ in the case of a protest of the modification or  
18 denial of an application for an exemption under Section 11.35, or  
19 the determination of an appropriate damage assessment rating for an  
20 item of qualified property under that section, not later than the  
21 30th day after the date the property owner receives the notice  
22 required under Section 11.45(e).

23 SECTION 36. Section 42.01, Tax Code, is amended to read as  
24 follows:

25 Sec. 42.01. RIGHT OF APPEAL BY PROPERTY OWNER. (a) A  
26 property owner is entitled to appeal[+]

27 ~~[(1)]~~ an order of the appraisal review board

1 determining:

2           (1) ~~[(A)]~~ a protest by the property owner as provided  
3 by Subchapter C of Chapter 41;

4           (2) ~~[(B)]~~ a motion filed under Section 25.25;

5           (3) ~~[(C)]~~ that the property owner has forfeited the  
6 right to a final determination of a motion filed under Section 25.25  
7 or of a protest under Section 41.411 for failing to comply with the  
8 prepayment requirements of Section 25.26 or 41.4115, as applicable;  
9 or

10           (4) ~~[(D)] eligibility for a refund requested under~~  
11 ~~Section 23.1243, or~~

12           ~~[(E)]~~ that the appraisal review board lacks  
13 jurisdiction to finally determine a protest by the property owner  
14 under Subchapter C, Chapter 41, or a motion filed by the property  
15 owner under Section 25.25 because the property owner failed to  
16 comply with a requirement of Subchapter C, Chapter 41, or Section  
17 25.25, as applicable~~[, or~~

18           ~~[(2)] an order of the comptroller issued as provided by~~  
19 ~~Subchapter B, Chapter 24, apportioning among the counties the~~  
20 ~~appraised value of railroad rolling stock owned by the property~~  
21 ~~owner].~~

22           (b) A property owner who establishes that the owner did not  
23 forfeit the right to a final determination of a motion or of a  
24 protest in an appeal under Subsection (a)(3) ~~[(a)(1)(C)]~~ is  
25 entitled to a final determination of the court, as applicable:

26                   (1) of the motion filed under Section 25.25; or

27                   (2) of the protest under Section 41.411 of the failure

1 of the chief appraiser or appraisal review board to provide or  
 2 deliver a notice to which the property owner is entitled, and, if  
 3 failure to provide or deliver the notice is established, of a  
 4 protest made by the property owner on any other grounds of protest  
 5 authorized by this title relating to the property to which the  
 6 notice applies.

7 (c) A property owner who establishes that the appraisal  
 8 review board had jurisdiction to issue a final determination of the  
 9 protest by the property owner under Subchapter C, Chapter 41, or of  
 10 the motion filed by the property owner under Section 25.25 in an  
 11 appeal under Subsection (a)(4) [~~(a)(1)(F)~~] of this section is  
 12 entitled to a final determination by the court of the protest under  
 13 Subchapter C, Chapter 41, or of the motion filed under Section  
 14 25.25. A final determination of a protest under Subchapter C,  
 15 Chapter 41, by the court under this subsection may be on any ground  
 16 of protest authorized by this title applicable to the property that  
 17 is the subject of the protest, regardless of whether the property  
 18 owner included the ground in the property owner's notice of  
 19 protest.

20 SECTION 37. Section 42.21(b), Tax Code, is amended to read  
 21 as follows:

22 (b) A petition for review brought under Section 42.02 must  
 23 be brought against the owner of the property involved in the appeal.  
 24 A petition for review brought under Section 42.031 must be brought  
 25 against the appraisal district and against the owner of the  
 26 property involved in the appeal. [~~A petition for review brought~~  
 27 ~~under Section 42.01(a)(2) or 42.03 must be brought against the~~]

~~comptroller.~~] Any other petition for review under this chapter must be brought against the appraisal district. A petition for review may not be brought against the appraisal review board. An appraisal district may hire an attorney that represents the district to represent the appraisal review board established for the district to file an answer and obtain a dismissal of a suit filed against the appraisal review board in violation of this subsection.

SECTION 38. Section 42.22, Tax Code, as amended by Chapters 667 (S.B. 548) and 1033 (H.B. 301), Acts of the 73rd Legislature, Regular Session, 1993, is reenacted and amended to read as follows:

Sec. 42.22. VENUE. (a) Except as provided by Subsection [Subsections] (b) of this section ~~and (c),~~ and by Section 42.221, venue is in the county in which the appraisal review board that issued the order appealed is located.

(b) Venue of an action brought under Section 42.01(a) ~~[42.01(1)]~~ is in the county in which the property is located or in the county in which the appraisal review board that issued the order is located.

~~[(c) Venue is in Travis County if the order appealed was issued by the comptroller.]~~

SECTION 39. Sections 151.356(a) and (c), Tax Code, are amended to read as follows:

(a) In this section:

(1) "Environmental protection agency of the United States" includes:

(A) the United States Department of the Interior

1 and any agency, bureau, or other entity established in that  
2 department, including the Bureau of Safety and Environmental  
3 Enforcement and the Bureau of Ocean Energy Management; and

4 (B) any other department, agency, bureau, or  
5 entity of the United States that prescribes rules or regulations  
6 described by Subdivision (3)(A).

7 (2) "Offshore[~~,"offshore~~] spill response containment  
8 property" means tangible personal property:

9 (A) used, constructed, acquired, stored, or  
10 installed solely as part of, or used solely for the development,  
11 improvement, storage, deployment, repair, maintenance, or testing  
12 of, an offshore spill response containment system that is stored  
13 while not in use in a county bordering on the Gulf of Mexico or on a  
14 bay or other body of water immediately adjacent to the Gulf of  
15 Mexico [~~(1) described by Section 11.271(c)~~];

16 (B) [~~(2)~~] owned or leased by an entity formed  
17 primarily for the purpose of designing, developing, modifying,  
18 enhancing, assembling, operating, deploying, and maintaining an  
19 offshore spill response containment system [~~described by Section~~  
20 ~~11.271(f)~~]; and

21 (C) [~~(3)~~] used or intended to be used solely in  
22 an offshore spill response containment system [~~as defined by~~  
23 ~~Section 11.271(a)~~].

24 (3) "Offshore spill response containment system"  
25 means a marine or mobile containment system that:

26 (A) is designed and used or intended to be used  
27 solely to implement a response plan that meets or exceeds rules or

regulations adopted by any environmental protection agency of the United States, this state, or a political subdivision of this state for the control, reduction, or monitoring of air, water, or land pollution in the event of a blowout or loss of control of an offshore well drilled or used for the exploration for or production of oil or gas;

(B) has a design capability to respond to a blowout or loss of control of an offshore well drilled or used for the exploration for or production of oil or gas that is drilled in more than 5,000 feet of water;

(C) is used or intended to be used solely to respond to a blowout or loss of control of an offshore well drilled or used for the exploration for or production of oil or gas without regard to the depth of the water in which the well is drilled; and

(D) except for any monitoring function for which the system may be used, is used or intended to be used as a temporary measure to address fugitive oil, gas, sulfur, or other minerals after a leak has occurred and is not used or intended to be used after the leak has been contained as a continuing means of producing oil, gas, sulfur, or other minerals.

(4) "Rules or regulations adopted by any environmental protection agency of the United States" includes 30 C.F.R. Part 254 and any corresponding provision or provisions of succeeding, similar, substitute, proposed, or final federal regulations.

(c) The sale, lease, rental, storage, use, or other consumption by an entity described by Subsection (a)(2)(B) [~~Section 11.271(f)~~] of offshore spill response containment property used

solely for the purposes described by [~~Section 11.271(c) and~~] this section is exempted from the taxes imposed by this chapter.

SECTION 40. Section 312.0021(b), Tax Code, is amended to read as follows:

(b) Notwithstanding any other provision of this chapter, an owner or lessee of a parcel of real property that is located wholly or partly in a reinvestment zone may not receive an exemption from taxation of any portion of the value of the parcel of real property [~~or of tangible personal property located on the parcel of real property~~] under a tax abatement agreement under this chapter that is entered into on or after September 1, 2017, if, on or after that date, a wind-powered energy device is installed or constructed on the same parcel of real property at a location that is within 25 nautical miles of the boundaries of a military aviation facility located in this state. The prohibition provided by this section applies regardless of whether the wind-powered energy device is installed or constructed at a location that is in the reinvestment zone.

SECTION 41. Section 312.007(a), Tax Code, is amended to read as follows:

(a) In this section, "abatement period" means the period during which all or a portion of the value of real property [~~or tangible personal property~~] that is the subject of a tax abatement agreement is exempt from taxation.

SECTION 42. Sections 312.204(a), (e), and (g), Tax Code, are amended to read as follows:

(a) The governing body of a municipality eligible to enter

1 into tax abatement agreements under Section 312.002 may agree in  
 2 writing with the owner of taxable real property that is located in a  
 3 reinvestment zone, but that is not in an improvement project  
 4 financed by tax increment bonds, to exempt from taxation a portion  
 5 of the value of the real property [~~or of tangible personal property~~  
 6 ~~located on the real property, or both,~~] for a period not to exceed  
 7 10 years, on the condition that the owner of the property make  
 8 specific improvements or repairs to the property. The governing  
 9 body of an eligible municipality may agree in writing with the owner  
 10 of a leasehold interest in tax-exempt real property that is located  
 11 in a reinvestment zone, but that is not in an improvement project  
 12 financed by tax increment bonds, to exempt a portion of the value of  
 13 property subject to ad valorem taxation, including the leasehold  
 14 interest or [~~7~~] improvements [~~7, or tangible personal property~~]  
 15 located on the real property, for a period not to exceed 10 years,  
 16 on the condition that the owner of the leasehold interest make  
 17 specific improvements or repairs to the real property. A tax  
 18 abatement agreement under this section is subject to the rights of  
 19 holders of outstanding bonds of the municipality. An agreement  
 20 exempting taxable real property or leasehold interests or  
 21 improvements on tax-exempt real property may provide for the  
 22 exemption of such taxable interests in each year covered by the  
 23 agreement only to the extent its value for that year exceeds its  
 24 value for the year in which the agreement is executed. [~~An~~  
 25 ~~agreement exempting tangible personal property located on taxable~~  
 26 ~~or tax-exempt real property may provide for the exemption of~~  
 27 ~~tangible personal property located on the real property in each~~

~~year covered by the agreement other than tangible personal property that was located on the real property at any time before the period covered by the agreement with the municipality, including inventory and supplies.]~~ In a municipality that has a comprehensive zoning ordinance, an improvement, repair, development, or redevelopment taking place under an agreement under this section must conform to the comprehensive zoning ordinance.

(e) The governing body of a municipality eligible to enter into tax abatement agreements under Section 312.002 may agree in writing with the owner or lessee of real property that is located in a reinvestment zone to exempt from taxation for a period not to exceed 10 years a portion of the value of the real property ~~[or of personal property, or both,]~~ located within the zone and owned or leased by a certificated air carrier, on the condition that the certificated air carrier make specific real property improvements or lease for a term of 10 years or more real property improvements located within the reinvestment zone. An agreement may provide for the exemption of the real property in each year covered by the agreement to the extent its value for that year exceeds its value for the year in which the agreement is executed. ~~[An agreement may provide for the exemption of the personal property owned or leased by a certificated air carrier located within the reinvestment zone in each year covered by the agreement other than specific personal property that was located within the reinvestment zone at any time before the period covered by the agreement with the municipality.]~~

(g) Notwithstanding the other provisions of this chapter, the governing body of a municipality eligible to enter into tax

1 abatement agreements under Section 312.002 may agree in writing  
2 with the owner of real property that is located in a reinvestment  
3 zone to exempt from taxation for a period not to exceed five years a  
4 portion of the value of the real property [~~or of tangible personal~~  
5 ~~property located on the real property, or both,~~] that is used to  
6 provide housing for military personnel employed at a military  
7 facility located in or near the municipality. An agreement may  
8 provide for the exemption of the real property in each year covered  
9 by the agreement only to the extent its value for that year exceeds  
10 its value for the year in which the agreement is executed. [~~An~~  
11 ~~agreement may provide for the exemption of tangible personal~~  
12 ~~property located on the real property in each year covered by the~~  
13 ~~agreement other than tangible personal property that was located on~~  
14 ~~the real property at any time before the period covered by the~~  
15 ~~agreement with the municipality and other than inventory or~~  
16 ~~supplies.~~] The governing body of the municipality may adopt  
17 guidelines and criteria for tax abatement agreements entered into  
18 under this subsection that are different from the guidelines and  
19 criteria that apply to tax abatement agreements entered into under  
20 another provision of this section. Tax abatement agreements  
21 entered into under this subsection are not required to contain  
22 identical terms for the portion of the value of the property that is  
23 to be exempt or for the duration of the exemption as tax abatement  
24 agreements entered into with the owners of property in the  
25 reinvestment zone under another provision of this section.

26 SECTION 43. Section 312.210(b), Tax Code, is amended to  
27 read as follows:

1 (b) A tax abatement agreement with the owner of real  
2 property ~~[or tangible personal property]~~ that is located in the  
3 reinvestment zone described by Subsection (a) and in a school  
4 district that has a local revenue level that does not exceed the  
5 level established under Section 48.257, Education Code, must exempt  
6 from taxation:

7 (1) the portion of the value of the property in the  
8 amount specified in the joint agreement among the municipality,  
9 county, and junior college district; and

10 (2) an amount equal to 10 percent of the maximum  
11 portion of the value of the property that may under Section  
12 312.204(a) be otherwise exempted from taxation.

13 SECTION 44. Section 312.211(a), Tax Code, is amended to  
14 read as follows:

15 (a) This section applies only to [~~+~~

16 ~~(1)]~~ real property:

17 (1) ~~(A)~~ that is located in a reinvestment zone;

18 (2) ~~(B)~~ that is not in an improvement project  
19 financed by tax increment bonds; and

20 (3) ~~(C)~~ that is the subject of a voluntary cleanup  
21 agreement under Section 361.606, Health and Safety Code [~~+~~and

22 ~~(2) tangible personal property located on the real~~  
23 ~~property]~~.

24 SECTION 45. Sections 312.402(a), (a-1), and (a-3), Tax  
25 Code, are amended to read as follows:

26 (a) The commissioners court may execute a tax abatement  
27 agreement with the owner of taxable real property located in a

1 reinvestment zone designated under this subchapter ~~[or with the~~  
 2 ~~owner of tangible personal property located on real property in a~~  
 3 ~~reinvestment zone]~~ to exempt from taxation all or a portion of the  
 4 value of the real property ~~[, all or a portion of the value of the~~  
 5 ~~tangible personal property located on the real property, or all or a~~  
 6 ~~portion of the value of both]~~.

7 (a-1) The commissioners court may execute a tax abatement  
 8 agreement with the owner of a leasehold interest in tax-exempt real  
 9 property located in a reinvestment zone designated under this  
 10 subchapter to exempt all or a portion of the value of the leasehold  
 11 interest in the real property. The court may execute a tax  
 12 abatement agreement with the owner of ~~[tangible personal property~~  
 13 ~~or]~~ an improvement located on tax-exempt real property that is  
 14 located in a designated reinvestment zone to exempt all or a portion  
 15 of the value of the ~~[tangible personal property or]~~ improvement  
 16 located on the real property.

17 (a-3) The commissioners court may execute a tax abatement  
 18 agreement with a lessee of taxable real property located in a  
 19 reinvestment zone designated under this subchapter to exempt from  
 20 taxation all or a portion of the value of the fixtures,  
 21 improvements, or other real property owned by the lessee and  
 22 located on the property that is subject to the lease ~~[, all or a~~  
 23 ~~portion of the value of tangible personal property owned by the~~  
 24 ~~lessee and located on the real property that is the subject of the~~  
 25 ~~lease, or all or a portion of the value of both the fixtures,~~  
 26 ~~improvements, or other real property and the tangible personal~~  
 27 ~~property described by this subsection]~~.

SECTION 46. Section 71.041(5), Agriculture Code, is amended to read as follows:

(5) "Nursery stock weather protection unit" means a plant cover consisting of a series of removable, portable metal hoops, covered by nonreusable plastic sheeting, shade cloth, or other similar removable material, used exclusively for protecting nursery products from weather elements. A nursery stock weather protection unit is an implement of husbandry for all purposes[~~including Article VIII, Section 19a, of the Texas Constitution~~].

SECTION 47. Section 93.001(2), Business & Commerce Code, is amended to read as follows:

(2) "Heavy equipment" means self-propelled, self-powered, or pull-type equipment, including farm equipment or a diesel engine, that weighs at least 1,500 pounds and is intended to be used for agricultural, construction, industrial, maritime, mining, or forestry uses. The term does not include a motor vehicle that is required by:

(A) Chapter 501, Transportation Code, to be titled; or

(B) Chapter 502, Transportation Code, to be registered [~~has the meaning assigned by Section 23.1241, Tax Code~~].

SECTION 48. Sections 89.003(a) and (b), Finance Code, are amended to read as follows:

(a) Each association and each federal association shall render for ad valorem taxation all of its personal property, other than tangible personal property [~~furniture, fixtures, equipment, and automobiles~~], as a whole at the value remaining after deducting

the following from the total value of its entire assets:

- (1) all debts that it owes;
- (2) all tax-free securities that it owns;
- (3) its loss reserves and surplus;
- (4) its savings liability; ~~and~~
- (5) the appraised value of its ~~[furniture, fixtures,~~  
~~and] real property; and~~
- (6) the value of its tangible personal property.

(b) The association or federal association shall render the personal property, other than tangible personal property ~~[furniture, fixtures, equipment, and automobiles]~~, to the chief appraiser of the appraisal district in the county in which its principal office is located.

SECTION 49. Sections 403.302(d) and (i), Government Code, as effective until January 1, 2027, are amended to read as follows:

(d) For the purposes of this section, "taxable value" means the market value of all taxable property less:

- (1) the total dollar amount of any residence homestead exemptions lawfully granted under Section 11.13(b) or (c), Tax Code, in the year that is the subject of the study for each school district;

- (2) one-half of the total dollar amount of any residence homestead exemptions granted under Section 11.13(n), Tax Code, in the year that is the subject of the study for each school district;

- (3) the total dollar amount of any exemptions granted before May 31, 1993, within a reinvestment zone under agreements

1 authorized by Chapter 312, Tax Code;

2 (4) subject to Subsection (e), the total dollar amount  
3 of any captured appraised value of property that:

4 (A) is within a reinvestment zone created on or  
5 before May 31, 1999, or is proposed to be included within the  
6 boundaries of a reinvestment zone as the boundaries of the zone and  
7 the proposed portion of tax increment paid into the tax increment  
8 fund by a school district are described in a written notification  
9 provided by the municipality or the board of directors of the zone  
10 to the governing bodies of the other taxing units in the manner  
11 provided by former Section 311.003(e), Tax Code, before May 31,  
12 1999, and within the boundaries of the zone as those boundaries  
13 existed on September 1, 1999, including subsequent improvements to  
14 the property regardless of when made;

15 (B) generates taxes paid into a tax increment  
16 fund created under Chapter 311, Tax Code, under a reinvestment zone  
17 financing plan approved under Section 311.011(d), Tax Code, on or  
18 before September 1, 1999; and

19 (C) is eligible for tax increment financing under  
20 Chapter 311, Tax Code;

21 (5) the total dollar amount of any captured appraised  
22 value of property that:

23 (A) is within a reinvestment zone:

24 (i) created on or before December 31, 2008,  
25 by a municipality with a population of less than 18,000; and

26 (ii) the project plan for which includes  
27 the alteration, remodeling, repair, or reconstruction of a

1 structure that is included on the National Register of Historic  
2 Places and requires that a portion of the tax increment of the zone  
3 be used for the improvement or construction of related facilities  
4 or for affordable housing;

5 (B) generates school district taxes that are paid  
6 into a tax increment fund created under Chapter 311, Tax Code; and

7 (C) is eligible for tax increment financing under  
8 Chapter 311, Tax Code;

9 (6) ~~[the total dollar amount of any exemptions granted~~  
10 ~~under Section 11.251 or 11.253, Tax Code,~~

11 ~~[(7)]~~ the difference between the comptroller's  
12 estimate of the market value and the productivity value of land that  
13 qualifies for appraisal on the basis of its productive capacity,  
14 except that the productivity value estimated by the comptroller may  
15 not exceed the fair market value of the land;

16 (7) ~~[(8)]~~ the portion of the appraised value of  
17 residence homesteads of individuals who receive a tax limitation  
18 under Section 11.26, Tax Code, on which school district taxes are  
19 not imposed in the year that is the subject of the study, calculated  
20 as if the residence homesteads were appraised at the full value  
21 required by law;

22 (8) ~~[(9)]~~ a portion of the market value of property  
23 not otherwise fully taxable by the district at market value because  
24 of action required by statute or the constitution of this state~~[7~~  
25 ~~other than Section 11.311, Tax Code,~~] that, if the tax rate adopted  
26 by the district is applied to it, produces an amount equal to the  
27 difference between the tax that the district would have imposed on

the property if the property were fully taxable at market value and the tax that the district is actually authorized to impose on the property, if this subsection does not otherwise require that portion to be deducted;

(9) ~~[(10)] the market value of all tangible personal property, other than manufactured homes, owned by a family or individual and not held or used for the production of income;~~

~~[(11)]~~ the appraised value of property the collection of delinquent taxes on which is deferred under Section 33.06, Tax Code;

(10) ~~[(12)]~~ the portion of the appraised value of property the collection of delinquent taxes on which is deferred under Section 33.065, Tax Code;

(11) ~~[(13)]~~ the amount by which the market value of property to which Section 23.23 or 23.231, Tax Code, applies exceeds the appraised value of that property as calculated under Section 23.23 or 23.231, Tax Code, as applicable; and

(12) ~~[(14)]~~ the total dollar amount of any exemptions granted under Section 11.35, Tax Code.

(i) If the comptroller determines in the study that the market value of property in a school district as determined by the appraisal district that appraises property for the school district, less the total of the amounts and values listed in Subsection (d) as determined by that appraisal district, is valid, the comptroller, in determining the taxable value of property in the school district under Subsection (d), shall for purposes of Subsection (d)(11) ~~[(d)(13)]~~ subtract from the market value as determined by the

1 appraisal district of properties to which Section 23.23 or 23.231,  
 2 Tax Code, applies the amount by which that amount exceeds the  
 3 appraised value of those properties as calculated by the appraisal  
 4 district under Section 23.23 or 23.231, Tax Code, as  
 5 applicable. If the comptroller determines in the study that the  
 6 market value of property in a school district as determined by the  
 7 appraisal district that appraises property for the school district,  
 8 less the total of the amounts and values listed in Subsection (d) as  
 9 determined by that appraisal district, is not valid, the  
 10 comptroller, in determining the taxable value of property in the  
 11 school district under Subsection (d), shall for purposes of  
 12 Subsection (d)(11) [~~(d)(13)~~] subtract from the market value as  
 13 estimated by the comptroller of properties to which Section 23.23  
 14 or 23.231, Tax Code, applies the amount by which that amount exceeds  
 15 the appraised value of those properties as calculated by the  
 16 appraisal district under Section 23.23 or 23.231, Tax Code, as  
 17 applicable.

18 SECTION 50. Sections 403.302(d) and (i), Government Code,  
 19 as effective January 1, 2027, are amended to read as follows:

20 (d) For the purposes of this section, "taxable value" means  
 21 the market value of all taxable property less:

22 (1) the total dollar amount of any residence homestead  
 23 exemptions lawfully granted under Section 11.13(b) or (c), Tax  
 24 Code, in the year that is the subject of the study for each school  
 25 district;

26 (2) one-half of the total dollar amount of any  
 27 residence homestead exemptions granted under Section 11.13(n), Tax

Code, in the year that is the subject of the study for each school district;

(3) the total dollar amount of any exemptions granted before May 31, 1993, within a reinvestment zone under agreements authorized by Chapter 312, Tax Code;

(4) subject to Subsection (e), the total dollar amount of any captured appraised value of property that:

(A) is within a reinvestment zone created on or before May 31, 1999, or is proposed to be included within the boundaries of a reinvestment zone as the boundaries of the zone and the proposed portion of tax increment paid into the tax increment fund by a school district are described in a written notification provided by the municipality or the board of directors of the zone to the governing bodies of the other taxing units in the manner provided by former Section 311.003(e), Tax Code, before May 31, 1999, and within the boundaries of the zone as those boundaries existed on September 1, 1999, including subsequent improvements to the property regardless of when made;

(B) generates taxes paid into a tax increment fund created under Chapter 311, Tax Code, under a reinvestment zone financing plan approved under Section 311.011(d), Tax Code, on or before September 1, 1999; and

(C) is eligible for tax increment financing under Chapter 311, Tax Code;

(5) the total dollar amount of any captured appraised value of property that:

(A) is within a reinvestment zone:

1 (i) created on or before December 31, 2008,  
2 by a municipality with a population of less than 18,000; and

3 (ii) the project plan for which includes  
4 the alteration, remodeling, repair, or reconstruction of a  
5 structure that is included on the National Register of Historic  
6 Places and requires that a portion of the tax increment of the zone  
7 be used for the improvement or construction of related facilities  
8 or for affordable housing;

9 (B) generates school district taxes that are paid  
10 into a tax increment fund created under Chapter 311, Tax Code; and

11 (C) is eligible for tax increment financing under  
12 Chapter 311, Tax Code;

13 (6) ~~[the total dollar amount of any exemptions granted~~  
14 ~~under Section 11.251 or 11.253, Tax Code;~~

15 ~~[(7)]~~ the difference between the comptroller's  
16 estimate of the market value and the productivity value of land that  
17 qualifies for appraisal on the basis of its productive capacity,  
18 except that the productivity value estimated by the comptroller may  
19 not exceed the fair market value of the land;

20 (7) ~~[(8)]~~ the portion of the appraised value of  
21 residence homesteads of individuals who receive a tax limitation  
22 under Section 11.26, Tax Code, on which school district taxes are  
23 not imposed in the year that is the subject of the study, calculated  
24 as if the residence homesteads were appraised at the full value  
25 required by law;

26 (8) ~~[(9)]~~ a portion of the market value of property  
27 not otherwise fully taxable by the district at market value because

of action required by statute or the constitution of this state[  
~~other than Section 11.311, Tax Code,~~] that, if the tax rate adopted  
 by the district is applied to it, produces an amount equal to the  
 difference between the tax that the district would have imposed on  
 the property if the property were fully taxable at market value and  
 the tax that the district is actually authorized to impose on the  
 property, if this subsection does not otherwise require that  
 portion to be deducted;

(9) ~~[(10) the market value of all tangible personal  
 property, other than manufactured homes, owned by a family or  
 individual and not held or used for the production of income,~~

~~[(11)]~~ the appraised value of property the collection  
 of delinquent taxes on which is deferred under Section 33.06, Tax  
 Code;

(10) ~~[(12)]~~ the portion of the appraised value of  
 property the collection of delinquent taxes on which is deferred  
 under Section 33.065, Tax Code;

(11) ~~[(13)]~~ the amount by which the market value of a  
 residence homestead to which Section 23.23, Tax Code, applies  
 exceeds the appraised value of that property as calculated under  
 that section; and

(12) ~~[(14)]~~ the total dollar amount of any exemptions  
 granted under Section 11.35, Tax Code.

(i) If the comptroller determines in the study that the  
 market value of property in a school district as determined by the  
 appraisal district that appraises property for the school district,  
 less the total of the amounts and values listed in Subsection (d) as

1 determined by that appraisal district, is valid, the comptroller,  
2 in determining the taxable value of property in the school district  
3 under Subsection (d), shall for purposes of Subsection (d)(11)  
4 ~~[(d)(13)]~~ subtract from the market value as determined by the  
5 appraisal district of residence homesteads to which Section 23.23,  
6 Tax Code, applies the amount by which that amount exceeds the  
7 appraised value of those properties as calculated by the appraisal  
8 district under Section 23.23, Tax Code. If the comptroller  
9 determines in the study that the market value of property in a  
10 school district as determined by the appraisal district that  
11 appraises property for the school district, less the total of the  
12 amounts and values listed in Subsection (d) as determined by that  
13 appraisal district, is not valid, the comptroller, in determining  
14 the taxable value of property in the school district under  
15 Subsection (d), shall for purposes of Subsection (d)(11) ~~[(d)(13)]~~  
16 subtract from the market value as estimated by the comptroller of  
17 residence homesteads to which Section 23.23, Tax Code, applies the  
18 amount by which that amount exceeds the appraised value of those  
19 properties as calculated by the appraisal district under Section  
20 23.23, Tax Code.

21 SECTION 51. Section 403.602(9), Government Code, as added  
22 by Chapter 377 (H.B. 5), Acts of the 88th Legislature, Regular  
23 Session, 2023, is amended to read as follows:

24 (9) "Eligible property" means property that:  
25 (A) is used as part of an eligible project that is  
26 wholly owned by an applicant or leased by an applicant under a  
27 capitalized lease; and

1                    (B) consists of[+  
2                    [~~(A)~~] a new building or expansion of an existing  
3 building, including a permanent, nonremovable component of a  
4 building, that is:

5                    (i) constructed after the date the  
6 agreement pertaining to the project is entered into; and

7                    (ii) located in an area designated as a  
8 reinvestment zone under Chapter 311 or 312, Tax Code, or as an  
9 enterprise zone under Chapter 2303 of this code, at the time the  
10 agreement pertaining to the project is entered into[~~, or~~

11                    [~~(B) tangible personal property, other than~~  
12 ~~inventory, first located in the zone described by Paragraph (A)(ii)~~  
13 ~~after the date the agreement pertaining to the project is entered~~  
14 ~~into].~~

15            SECTION 52. Section 503.038(a), Transportation Code, as  
16 effective July 1, 2025, is amended to read as follows:

17            (a) The department may cancel a dealer's general  
18 distinguishing number if the dealer:

19                    (1) falsifies or forges a title document, including an  
20 affidavit making application for a certified copy of a title;

21                    (2) files a false or forged tax document, including a  
22 sales tax affidavit;

23                    (3) fails to take assignment of any basic evidence of  
24 ownership, including a certificate of title or manufacturer's  
25 certificate, for a vehicle the dealer acquires;

26                    (4) fails to assign any basic evidence of ownership,  
27 including a certificate of title or manufacturer's certificate, for

1 a vehicle the dealer sells;

2 (5) uses or permits the use of a dealer's license plate  
3 on a vehicle that the dealer does not own or control or that is not  
4 in stock and offered for sale;

5 (6) makes a material misrepresentation in an  
6 application or other information filed with the department;

7 (7) fails to maintain the qualifications for a general  
8 distinguishing number;

9 (8) fails to provide to the department within 30 days  
10 after the date of demand by the department satisfactory and  
11 reasonable evidence that the person is regularly and actively  
12 engaged in business as a wholesale or retail dealer;

13 (9) has been licensed for at least 12 months and has  
14 not assigned at least five vehicles during the previous 12-month  
15 period;

16 (10) ~~[has failed to demonstrate compliance with~~  
17 ~~Sections 23.12, 23.121, and 23.122, Tax Code,~~

18 ~~[(11)]~~ uses or allows the use of the dealer's general  
19 distinguishing number or the location for which the general  
20 distinguishing number is issued to avoid the requirements of this  
21 chapter; or

22 (11) ~~[(12)]~~ otherwise violates this chapter or a rule  
23 adopted under this chapter.

24 SECTION 53. (a) The following provisions of the Tax Code  
25 are repealed:

26 (1) Section 6.24(c);

27 (2) Sections 11.01(c), (d), and (e);

- 1 (3) Section 11.11(h);
- 2 (4) Section 11.14;
- 3 (5) Section 11.141;
- 4 (6) Section 11.145;
- 5 (7) Section 11.15;
- 6 (8) Section 11.16;
- 7 (9) Section 11.161;
- 8 (10) Section 11.23(f);
- 9 (11) Section 11.25;
- 10 (12) Section 11.251;
- 11 (13) Section 11.252;
- 12 (14) Section 11.253;
- 13 (15) Section 11.254;
- 14 (16) Section 11.27(a-1);
- 15 (17) Section 11.271;
- 16 (18) Section 11.311;
- 17 (19) Section 11.315;
- 18 (20) Section 11.33;
- 19 (21) Section 11.36, as added by Chapter 364 (S.B.
- 20 2289), Acts of the 88th Legislature, Regular Session, 2023;
- 21 (22) Section 11.437;
- 22 (23) Section 11.4391;
- 23 (24) Section 21.02;
- 24 (25) Section 21.021;
- 25 (26) Section 21.03;
- 26 (27) Section 21.031;
- 27 (28) Section 21.04;

- 1 (29) Section 21.05;
- 2 (30) Section 21.055;
- 3 (31) Section 21.07;
- 4 (32) Section 21.09;
- 5 (33) Section 21.10;
- 6 (34) Sections 22.01(e), (i), (j), (k), and (m);
- 7 (35) Sections 22.04(b), (c), and (d);
- 8 (36) Sections 22.07(a) and (b);
- 9 (37) Section 23.121;
- 10 (38) Section 23.1211;
- 11 (39) Section 23.122;
- 12 (40) Section 23.123;
- 13 (41) Section 23.124;
- 14 (42) Section 23.1241;
- 15 (43) Section 23.1242;
- 16 (44) Section 23.1243;
- 17 (45) Section 23.125;
- 18 (46) Section 23.126;
- 19 (47) Section 23.127;
- 20 (48) Section 23.128;
- 21 (49) Section 23.129;
- 22 (50) Section 23.24;
- 23 (51) Chapter 24;
- 24 (52) Section 25.25(c-1);
- 25 (53) Section 33.11;
- 26 (54) Section 41.413(a);
- 27 (55) Section 41.47(c-1);

(56) Section 42.03; and

(57) Section 42.05.

(b) Sections 49.302(b) and 49.304, Education Code, are repealed.

(c) Section 89.003(c), Finance Code, is repealed.

(d) Sections 379B.011(c), (d), and (e) and 507.201(b), Local Government Code, are repealed.

(e) Sections 3501.004(c), (d), and (e), Special District Local Laws Code, are repealed.

SECTION 54. Sections 23.121, 23.122, 23.123, 23.124, 23.125, 23.126, 23.127, and 23.128, Tax Code, as repealed by this Act, apply only to an offense committed before the effective date of this Act. An offense committed before the effective date of this Act is governed by the law in effect on the date the offense was committed, and the former law is continued in effect for that purpose. For purposes of this section, an offense was committed before the effective date of this Act if any element of the offense occurred before that date.

SECTION 55. The changes made to Section 25.25, Tax Code, by this Act apply only to a motion to correct an appraisal roll filed on or after the effective date of this Act. A motion to correct an appraisal roll filed before the effective date of this Act is governed by the law in effect on the date the motion was filed, and the former law is continued in effect for that purpose.

SECTION 56. Sections 403.302(d) and (i), Government Code, as amended by this Act, apply only to the determination of the total taxable value of property in a school district for a tax year that

1 begins on or after the effective date of this Act. The  
2 determination of the total taxable value of property in a school  
3 district for a tax year that begins before the effective date of  
4 this Act is governed by the law in effect immediately before that  
5 date, and the former law is continued in effect for that purpose.

6 SECTION 57. Notwithstanding the changes in law made by this  
7 Act to the provisions of the Tax Code, Agriculture Code, Business &  
8 Commerce Code, Finance Code, Government Code, and Transportation  
9 Code amended by this Act and the repeal by this Act of provisions of  
10 the Tax Code and Finance Code, each of those provisions, as it  
11 existed immediately before January 1, 2026, is continued in effect  
12 for the purpose of the levy and collection of an ad valorem tax on  
13 tangible personal property imposed:

14 (1) before January 1, 2026; or

15 (2) pursuant to Section 1(b-1), Article VIII, Texas  
16 Constitution.

17 SECTION 58. To the extent of any conflict, this Act prevails  
18 over another Act of the 89th Legislature, Regular Session, 2025,  
19 relating to nonsubstantive additions to and corrections in enacted  
20 codes.

21 SECTION 59. Except as otherwise provided by this Act, this  
22 Act takes effect January 1, 2026, but only if the constitutional  
23 amendment proposed by the 89th Legislature, Regular Session, 2025,  
24 exempting tangible personal property from ad valorem taxation is  
25 approved by the voters. If that amendment is not approved by the  
26 voters, this Act has no effect.