

1-1 By: Meyer, et al. (Senate Sponsor - Bettencourt) H.B. No. 9
1-2 (In the Senate - Received from the House April 3, 2025;
1-3 April 3, 2025, read first time and referred to Committee on Local
1-4 Government; May 8, 2025, reported adversely, with favorable
1-5 Committee Substitute by the following vote: Yeas 7, Nays 0;
1-6 May 8, 2025, sent to printer.)

1-7	COMMITTEE VOTE				
1-8		Yea	Nay	Absent	PNV
1-9	Bettencourt	X			
1-10	Middleton	X			
1-11	Cook	X			
1-12	Gutierrez	X			
1-13	Nichols	X			
1-14	Paxton	X			
1-15	West	X			

1-16 COMMITTEE SUBSTITUTE FOR H.B. No. 9 By: Bettencourt

1-17 A BILL TO BE ENTITLED
1-18 AN ACT

1-19 relating to an exemption from ad valorem taxation of a portion of
1-20 the appraised value of tangible personal property that is held or
1-21 used for the production of income.

1-22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-23 SECTION 1. Section 11.145, Tax Code, is amended to read as
1-24 follows:

1-25 Sec. 11.145. INCOME-PRODUCING TANGIBLE PERSONAL PROPERTY
1-26 [~~HAVING VALUE OF LESS THAN \$2,500~~]. (a) In this section:

1-27 (1) "Related business entity" means a business entity
1-28 that:

1-29 (A) engages in a common business enterprise with
1-30 at least one other business entity; and

1-31 (B) owns tangible personal property that:

1-32 (i) is held or used for the production of
1-33 income as part of the common business enterprise; and

1-34 (ii) is located at the same physical
1-35 address that tangible personal property owned by at least one other
1-36 business entity engaged in the common business enterprise is
1-37 located.

1-38 (2) "Unified business enterprise" means a common
1-39 business enterprise composed of more than one related business
1-40 entity.

1-41 (b) Subject to Subsection (f) and except as provided by
1-42 Subsection (d), a [A] person is entitled to an exemption from
1-43 taxation by a taxing unit of \$125,000 of the appraised value of the
1-44 tangible personal property the person owns that is held or used for
1-45 the production of income and has taxable situs at the same location
1-46 in the taxing unit [~~if that property has a taxable value of less~~
1-47 than \$2,500].

1-48 (c) [~~(b)~~] The exemption provided by Subsection (b) [~~(a)~~]
1-49 applies to each separate location in a taxing unit in which a person
1-50 holds or uses tangible personal property for the production of
1-51 income, and, for the purposes of Subsection (b) [~~(a)~~], all property
1-52 that has taxable situs in each separate location in the taxing unit
1-53 is aggregated to determine taxable value.

1-54 (d) A person who leases tangible personal property is
1-55 entitled to an exemption from taxation by a taxing unit of \$125,000
1-56 of the total appraised value of all the tangible personal property
1-57 the person owns that is held or used for the production of income
1-58 and is subject to a lease, regardless of where the property is
1-59 located in the taxing unit.

1-60 (e) The exemption provided by Subsection (d) applies to each

2-1 separate taxing unit in which a person holds or uses tangible
 2-2 personal property for the production of income.

2-3 (f) For the purposes of Subsection (b), if a person is a
 2-4 related business entity, all property described by that subsection
 2-5 that has taxable situs at the same location in a taxing unit and
 2-6 that is owned by the person is aggregated with the property
 2-7 described by that subsection that has taxable situs at the same
 2-8 location in the taxing unit and that is owned by each other related
 2-9 business entity that composes the same unified business enterprise
 2-10 to determine taxable value for the entity.

2-11 (g) A chief appraiser may investigate a business entity to
 2-12 determine whether the entity:

2-13 (1) is a related business entity; and
 2-14 (2) has aggregated tangible personal property as
 2-15 provided by Subsection (f).

2-16 SECTION 2. Section 22.01, Tax Code, is amended by amending
 2-17 Subsection (c-1) and adding Subsections (j-1), (j-2), (j-3), and
 2-18 (n) to read as follows:

2-19 (c-1) In this section:

2-20 (1) "Related business entity" and "unified business
 2-21 enterprise" have the meanings assigned by Section 11.145.

2-22 (2) "Secured party" has the meaning assigned by
 2-23 Section 9.102, Business & Commerce Code.

2-24 (3) ~~[(2)]~~ "Security interest" has the meaning
 2-25 assigned by Section 1.201, Business & Commerce Code.

2-26 (j-1) Notwithstanding Subsections (a) and (b), a person is
 2-27 required to render tangible personal property the person owns that
 2-28 is held or used for the production of income only if, in the
 2-29 person's opinion and as applicable:

2-30 (1) the aggregate market value of the property that
 2-31 has taxable situs in the same location in at least one taxing unit
 2-32 that participates in the appraisal district is greater than the
 2-33 amount exempted under Section 11.145(b); or

2-34 (2) the aggregate market value of the property in at
 2-35 least one taxing unit that participates in the appraisal district
 2-36 is greater than the amount exempted under Section 11.145(d).

2-37 (j-2) A person required to render property for taxation
 2-38 under Subsection (j-1) must render all tangible personal property
 2-39 the person owns that is held or used for the production of income
 2-40 and has taxable situs in the appraisal district. This subsection
 2-41 does not apply to property exempt from taxation under a provision of
 2-42 law other than Section 11.145.

2-43 (j-3) A person who elects not to render property for
 2-44 taxation as authorized by Subsection (j-1) must file a rendition
 2-45 statement or property report that includes a certification that the
 2-46 person reasonably believes that the value of the property is not
 2-47 more than the amount exempted under Section 11.145(b) or (d), as
 2-48 applicable. The election takes effect beginning with the tax year
 2-49 following the tax year in which the rendition statement or property
 2-50 report is filed and continues in effect until the ownership of the
 2-51 person changes. Notwithstanding Subsection (j-1), a person
 2-52 described by that subsection must render property for taxation if
 2-53 required by the chief appraiser.

2-54 (n) A rendition statement of a related business entity must
 2-55 contain the information required by Subsection (a) or (f), as
 2-56 applicable, stated for each related business entity that composes
 2-57 the unified business enterprise of which the related business
 2-58 entity that is the subject of the rendition is a part.

2-59 SECTION 3. Section 22.24(c), Tax Code, is amended to read as
 2-60 follows:

2-61 (c) The comptroller may prescribe or approve different
 2-62 forms for different kinds of property but shall ensure that each
 2-63 form requires a property owner to furnish the information necessary
 2-64 to identify the property and to determine its ownership,
 2-65 taxability, and situs. Each form must include a box that the
 2-66 property owner may check to permit the property owner to affirm that
 2-67 the information contained in the most recent rendition statement
 2-68 filed by the property owner in a prior tax year is accurate with
 2-69 respect to the current tax year in accordance with Section

3-1 22.01(1). Each form must include a box that a property owner that
3-2 is a related business entity, as defined by Section 11.145, must
3-3 check to identify the owner as a related business entity. Each form
3-4 must include a box that a property owner who elects not to render
3-5 the property for taxation as authorized by Section 22.01(j-1) must
3-6 check to certify that the owner reasonably believes that the value
3-7 of the property is not more than the amount exempted under Section
3-8 11.145(b) or (d), as applicable. A form may not require but may
3-9 permit a property owner to furnish information not specifically
3-10 required by this chapter to be reported. In addition, a form
3-11 prescribed or approved under this subsection must contain the
3-12 following statement in bold type: "If you make a false statement on
3-13 this form, you could be found guilty of a Class A misdemeanor or a
3-14 state jail felony under Section 37.10, Penal Code."

3-15 SECTION 4. This Act applies only to ad valorem taxes imposed
3-16 for a tax year that begins on or after the effective date of this
3-17 Act.

3-18 SECTION 5. This Act takes effect January 1, 2026, but only
3-19 if the constitutional amendment proposed by the 89th Legislature,
3-20 Regular Session, 2025, to authorize the legislature to exempt from
3-21 ad valorem taxation a portion of the market value of tangible
3-22 personal property a person owns that is held or used for the
3-23 production of income is approved by the voters. If that amendment
3-24 is not approved by the voters, this Act has no effect.

3-25 * * * * *