

AN ACT

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

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

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

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

(1) "Related business entity" means a business entity that:

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

(B) owns tangible personal property that:

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

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

(2) "Unified business enterprise" means a common business enterprise composed of more than one related business entity.

(b) Subject to Subsection (f) and except as provided by

1 Subsection (d), a [A] person is entitled to an exemption from
2 taxation by a taxing unit of \$125,000 of the appraised value of the
3 tangible personal property the person owns that is held or used for
4 the production of income and has taxable situs at the same location
5 in the taxing unit [~~if that property has a taxable value of less~~
6 ~~than \$2,500~~].

7 (c) [(b)] The exemption provided by Subsection (b) [(a)]
8 applies to each separate location in a taxing unit in which a person
9 holds or uses tangible personal property for the production of
10 income, and, for the purposes of Subsection (b) [(a)], all property
11 that has taxable situs in each separate location in the taxing unit
12 is aggregated to determine taxable value.

13 (d) A person who leases tangible personal property is
14 entitled to an exemption from taxation by a taxing unit of \$125,000
15 of the total appraised value of all the tangible personal property
16 the person owns that is held or used for the production of income
17 and is subject to a lease, regardless of where the property is
18 located in the taxing unit.

19 (d-1) Notwithstanding Subsections (b) and (d), a person is
20 entitled to an exemption from taxation by a taxing unit of \$125,000
21 of the total appraised value of all the tangible personal property
22 the person owns that is held or used for the production of income in
23 the taxing unit if the property has taxable situs within the taxing
24 unit at any location that is not owned or leased by the owner,
25 regardless of where the property is located within the taxing unit.

26 (e) The exemptions provided by Subsections (d) and (d-1)
27 apply to each separate taxing unit in which a person holds or uses

tangible personal property for the production of income.

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

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

(1) is a related business entity; and

(2) has aggregated tangible personal property as provided by Subsection (f).

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

(c-1) In this section:

(1) "Related business entity" and "unified business enterprise" have the meanings assigned by Section [11.145](#).

(2) "Secured party" has the meaning assigned by Section [9.102](#), Business & Commerce Code.

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

(j-1) Notwithstanding Subsections (a) and (b), a person is required to render tangible personal property the person owns that is held or used for the production of income only if, in the

person's opinion and as applicable:

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

(2) the aggregate market value of the property in at least one taxing unit that participates in the appraisal district is greater than the amount exempted under Section 11.145(d) or (d-1), as applicable.

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

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

(n) A rendition statement of a related business entity must

contain the information required by Subsection (a) or (f), as applicable, stated for each related business entity that composes the unified business enterprise of which the related business entity that is the subject of the rendition is a part.

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

(c) The comptroller may prescribe or approve different forms for different kinds of property but shall ensure that each form requires a property owner to furnish the information necessary to identify the property and to determine its ownership, taxability, and situs. Each form must include a box that the property owner may check to permit the property owner to affirm that the information contained in the most recent rendition statement filed by the property owner in a prior tax year is accurate with respect to the current tax year in accordance with Section 22.01(1). Each form must include a box that a property owner that is a related business entity, as defined by Section 11.145, must check to identify the owner as a related business entity. Each form must include a box that a property owner who elects not to render the property for taxation as authorized by Section 22.01(j-1) must check to certify that the owner reasonably believes that the value of the property is not more than the amount exempted under Section 11.145(b), (d), or (d-1), as applicable. A form may not require but may permit a property owner to furnish information not specifically required by this chapter to be reported. In addition, a form prescribed or approved under this subsection must contain the following statement in bold type: "If you make a false statement on

1 this form, you could be found guilty of a Class A misdemeanor or a
2 state jail felony under Section [37.10](#), Penal Code."

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

6 SECTION 5. This Act takes effect January 1, 2026, but only
7 if the constitutional amendment proposed by the 89th Legislature,
8 Regular Session, 2025, to authorize the legislature to exempt from
9 ad valorem taxation a portion of the market value of tangible
10 personal property a person owns that is held or used for the
11 production of income is approved by the voters. If that amendment
12 is not approved by the voters, this Act has no effect.

President of the Senate

Speaker of the House

I certify that H.B. No. 9 was passed by the House on April 3, 2025, by the following vote: Yeas 133, Nays 10, 2 present, not voting; and that the House concurred in Senate amendments to H.B. No. 9 on May 19, 2025, by the following vote: Yeas 110, Nays 15, 1 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 9 was passed by the Senate, with amendments, on May 14, 2025, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED: _____
Date

Governor