

HB 9 (2025): IMPLEMENTATION & DAMAGE CONTROL

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1



TAX CODE SECTION 11.145

**BPP EXEMPTION INCREASED FROM
\$2,500 TO \$125,000.**

2

\$125,000 BPP EXEMPTION

OLD EXEMPTION WAS A THRESHOLD

- ANYTHING LESS THAN \$2500
- IN A SINGLE TAXING ENTITY
- EXAMPLE 1:
 - COMPANY OWNS
 - \$2,000 IN ISD1 – NOT TAXABLE
 - \$500 IN ISD2 – NOT TAXABLE
 - \$2,500 COUNTY – TAXABLE
- EXAMPLE 2:
 - COMPANY OWNS
 - \$100,000 IN ISD1 – ALL TAXABLE
 - \$1,000,000 IN ISD2 – ALL TAXABLE
 - \$1,100,000 COUNTY – ALL TAXABLE

NEW EXEMPTION

- \$125,000 OFF BPP
- AT EACH LOCATION owned or leased by the owner
- EXAMPLE
 - COMPANY OWNS
 - \$100,000 IN ISD1 – NOT TAXABLE
 - \$1,000,000 IN ISD2 - \$875,000 TAXABLE
 - \$1,100,000 COUNTY - \$975,000 TAXABLE

3

TAX CODE SECTION 11.145(B) & (C)

The new language. . .

- (b) A person is entitled to an exemption from taxation by a taxing unit of **\$125,000** of the appraised value of the tangible personal property the person owns that is held or used for the production of income and has taxable situs at the **same location** in the taxing unit.
- (c) The exemption provided by Subsection (b) applies to **each separate location** in a taxing unit in which a person holds or uses tangible personal property for the production of income, and, for the purposes of Subsection (b), all property that has taxable situs in each separate location in the taxing unit is **aggregated to determine taxable value**.

4

TAX CODE SECTION 11.145(B) & (C)

Taxable Situs



The exemption applies to property that has taxable situs at the same location in the taxing unit.

By Location



The Exemption applies to each separate location in a taxing unit.

Aggregated Value



All BPP at a single location is aggregated to determine the total taxable value and then the exemption is applied.

5



6

6

7

SCENARIO 1:

- Canon Copiers has 2 physical store fronts where they sell and lease copiers in the same county.
 - **Each location gets the \$125,000 exemption.**
 - **County, RBR give it twice**
 - **Each ISD gives it once.**
- 123 Easy Street has \$200,000 in eqpt.
 - Taxing units = County, RBR, ISD1
- 456 That Way has \$300,000 in eqpt.
 - Taxing units = County, RBR, ISD2

How is the exemption applied?

7

TAX CODE SECTION 11.145(F)

The new language. . .

- (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.

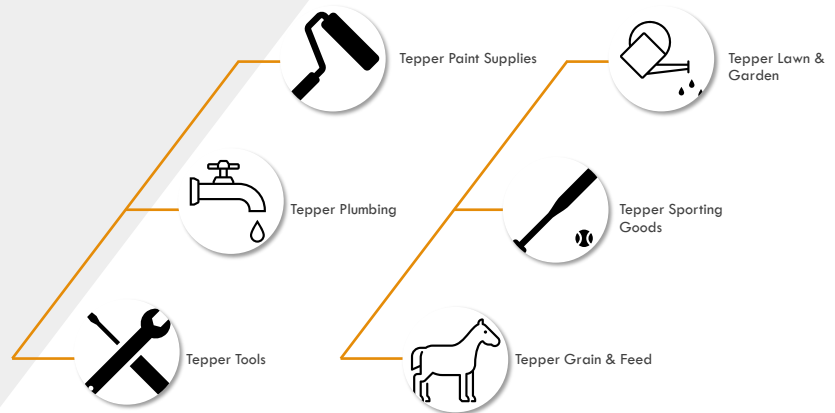


8

TEPPER HARDWARE ON MAIN STREET GETS A SINGLE \$125,000 EXEMPTION



1234 MAIN STREET
HOMETOWN | TEXAS



9

10

SCENARIO 2:

- HEB at 123 – 4th Street has 2 BPP accounts, HEB Grocery & HEB Fuel.
- HEB Grocery - \$500,000 in value
 - Taxing Units = County, RBR, ISD1
- HEB Fuel - \$300,000 in value
 - Taxing Units = County, RBR, ISD1

How is the exemption applied?

Because HEB Grocery & HEB Fuel are “related business entities” as defined in HB 9 so they get a single total exemption of \$125,000.

You can take it off of the biggest account (recommended)

HEB Grocery taxable value = \$500,000 - \$125,000 = \$375,000.

HEB Fuel taxable value = \$300,000.

or allocate the exemption across the two accounts.

HEB Grocery taxable value = \$500,000 - \$78,750 = \$421,250

HEB Fuel taxable value = \$300,000 - \$46,250 = \$253,750

10

11

SCENARIO 2 (CONT'D.):

- HEB at 123 – 4th Street also has an Optometrist, *Bright Future Optical*, that leases office space in the HEB store.
- *Bright Future Optical* has a BPP account of \$100,000.

How is the exemption applied to the Optometrist office?

HEB and the Optometrist are NOT Related Business Entities for purposes of HB 9; the Optometrist is merely a tenant of HEB.

For this reason, *Bright Future Optical* gets the full \$125,000 exemption on its BPP making it fully tax exempt.

So long as *Bright Future Optical* certifies that they have less than \$125,000 in value, they are no longer required to render and cannot be penalized for failing to do so until such time that their value increases above \$125,000 or the Chief Appraiser requires them to do so.

11

TAX CODE SECTION 11.145 (D), (D-1), & (E)

The new language. . .

- (d) A person who leases tangible personal property is entitled to an exemption from taxation by a taxing unit of \$125,000 of the total appraised value of all the tangible personal property the person owns that is held or used for the production of income and is subject to a lease, regardless of where the property is located in the taxing unit.
- (e) The exemptions provided by Subsections (d) and (d-1) apply to **each separate taxing unit** in which a person holds or uses tangible personal property for the production of income.

12

- ▶ **\$125,000 EXEMPTION PER TAXING UNIT FOR A PERSON WHO LEASES TANGIBLE PERSONAL PROPERTY, REGARDLESS OF WHERE THE PROPERTY IS LOCATED IN THE TAXING UNIT.**



- ▶ Applies to each separate taxing unit NOT location.

13

TAX CODE SECTION 11.145 (D), (D-1), & (E)

The new language. . .

- (d-1) Notwithstanding Subsections (b) and (d), a person is entitled to an exemption from taxation by a taxing unit of **\$125,000 of the total appraised value of all the tangible personal property** the person owns that is held or used for the production of income in the taxing unit if the property **has taxable situs within the taxing unit at any location that is not owned or leased by the owner**, regardless of where the property is located within the taxing unit.
- (e) The exemptions provided by Subsections (d) and (d-1) apply to **each separate taxing unit** in which a person holds or uses tangible personal property for the production of income.

14

15

SCENARIO 3:

- Canon leases 10 copiers to the CAD located in taxing entities County, RBR, ISD1, & C1, Value = \$100,000.
- Canon also leases 20 copiers to the High School located in taxing entities County, RBR, ISD 1, & C1, value = \$200,000.
- Canon renders each location each year.
- How is the exemption applied to the leased copiers?

Because Canon does not OWN or LEASE the location where the copiers are located, the exemption is by jurisdiction, not location.

In this case, since all of the copiers are located in the County, RBR, ISD1 and C1, each of those taxing units will grant a total exemption of \$125,000 each.

For example, the account located in the High School would have a taxable value of \$200,000 - \$125,000 = \$75,000 and the account at the CAD would stay \$100,000.

Or you could allocate the exemption with 1/3 coming off the CAD account and 2/3 coming off the High School account.

15



\$125,000 EXEMPTION BY TAXING UNIT FOR A PERSON WHO OWNS PROPERTY AT A LOCATION NOT OWNED OR LEASED BY THE OWNER

Applied by each separate taxing unit where property is located, not by location.

16

TAX CODE § 22.01 (J-1), (J-2), & (J-3) - Renditions

- ✓ Renditions are required if, in the owner's opinion, the aggregate value of the property they own is greater than the exempted amount.
- ✓ Renditions must include all property that the person and all related business entities owns that is held to produce income and has taxable situs in the appraisal district.
- ✓ A chief appraiser may investigate a business entity to determine whether the entity:
 - (1) is a related business entity; and
 - (2) has aggregated all taxable tangible personal property as required.

17

TAX CODE § 22.01 (J-1), (J-2), & (J-3) - Renditions

- ✓ A person who elects not to render property for taxation because the value is less than \$125,000 aggregate, 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.
- ✓ 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 property changes or the value increases above \$125,000.**
- ✓ A chief appraiser can investigate if it is believed the value of the property exceeds the exempted amount.

SECTION 5: Market Value

Select your property's total market value: Under \$20,000 \$20,000 or more

If under \$20,000, complete only Schedule A and if applicable, Schedule F. Otherwise, complete Schedule(s) B, C, D, E and/or F, as applicable.

Select your property's total market value: \$125,000 or less More than \$125,000

By checking this box, I certify that the market value of the tangible personal property is \$125,000 or less.

SECTION 6: Affirmation and Signature

If you make a false statement on this form, you could be found guilty of a Class A misdemeanor or a state jail felony under Penal Code Section 37.10.

I, _____, swear or affirm that the information provided in this report is true and accurate to the best of my knowledge and belief; and that I am authorized as required by law to file and sign this report.

Printed Name of Authorized Individual

18

TAX CODE § 22.01 (J-1), (J-2), & (J-3) - Renditions

- ✓ Once the certification is filed by the taxpayer, they no longer must render unless their value increases above \$125,000 or the Chief Appraiser requires them to render.

“Notwithstanding Subsection (j-1), a person . . . must render property for taxation if required by the chief appraiser.” Tax Code Section 22.01 (j-3)

SECTION 5: Market Value

Select your property's total market value: Under \$20,000 \$20,000 or more

If under \$20,000, complete only Schedule A and if applicable, Schedule F. Otherwise, complete Schedule(s) B, C, D, E and/or F, as applicable.

Select your property's total market value: \$125,000 or less More than \$125,000

By checking this box, I certify that the market value of the tangible personal property is \$125,000 or less.

SECTION 6: Affirmation and Signature

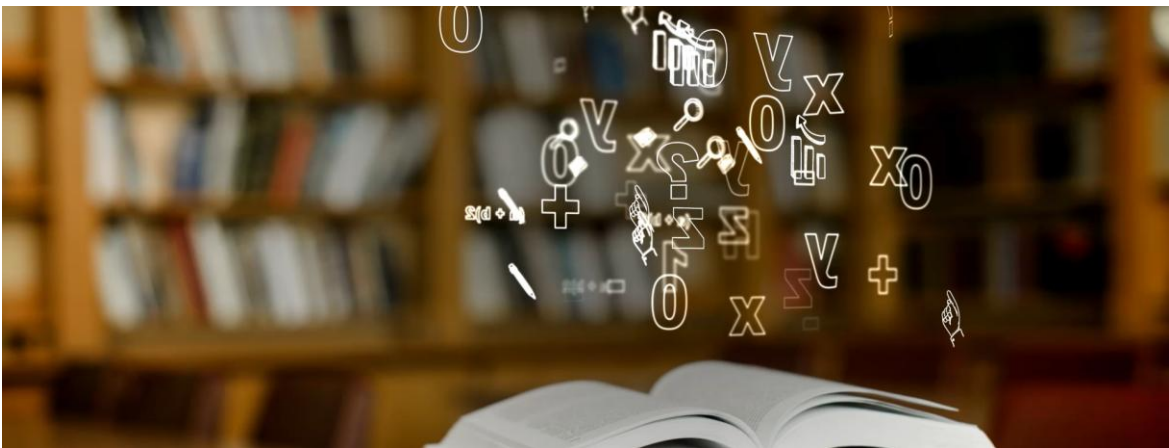
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I, _____, swear or affirm that the information provided in this report is true and accurate to the best of my knowledge and belief; and that I am authorized as required by law to file and sign this report.

Printed Name of Authorized Individual

19

TO PROVIDE CONSISTENCY IN THE APPLICATION OF THIS NEW LAW, THE FOLLOWING ARE RECOMMENDATIONS TO SOME OF THE QUESTIONS RAISED BY HB 9 (2025).



20

QUESTION 1

**WHAT DOES “AGGREGATION” MEAN
IN TERMS OF 11.145?**

- a. Aggregation refers to the grouping of values of related or unified business entities to determine the total value to apply the \$125,000 exemption.
- b. Applying the \$125,000 exemption to the “aggregation of accounts” equates to distributing the \$125,000 exemption across multiple accounts.

21

QUESTION 2

**HOW SHOULD THE \$125,000
EXEMPTION BE DISTRIBUTED
ACROSS MULTIPLE ACCOUNTS??**

The CAD determines the order or method of distributing the \$125,000 exemption across multiple accounts.

It is recommended to apply the exemption to the biggest account first and then in descending order.

22

QUESTION 3

WHEN THE \$125,000 EXEMPTION IS DISTRIBUTED ACROSS MULTIPLE ACCOUNTS AND ONE OR MORE OF THE ACCOUNTS IS REDUCED IN VALUE THROUGH A VALUE SETTLEMENT OR CORRECTION, IS THE CAD REQUIRED TO RE-ALLOCATE THE EXEMPTION AMONG ALL THE ACCOUNTS TO MAXIMIZE THE EXEMPTION?

It is recommended to apply the exemption to the biggest account first and then in descending order to avoid having to reallocate the exemption.

Before certification, the CAD should reallocate the exemption across the group of accounts, as necessary, so the full \$125,000 exemption is utilized.

Although not required, the CAD should also reallocate the exemption across the group of accounts after certification, as necessary, so the full \$125,000 exemption is utilized.

23

QUESTION 4

SHOULD THE AGGREGATED MARKET VALUE OF ALL RELATED BUSINESS ENTITIES AT A LOCATION BE USED TO DETERMINE IF AN ACCOUNT IS REQUIRED TO RENDER?

Yes, each business is required to render if the total market value of assets owned by all related business entities at the same location is greater than \$125,000.

24

QUESTION 5

**WHAT DOES “LOCATION” MEAN
IN SECTION 11.145?**

“Location” means the property’s physical location. *HCAD v. ETC Marketing*, 399 S.W.3d 364, 370 (Tex.App.—Houston [14th Dist.] 2013, pet. denied).

The physical address is probably the best indication of the property’s physical location.

25

QUESTION 6

**IF THE OWNER HAS MULTIPLE
BUSINESSES IN THE COUNTY UNDER
\$125,000 AND PROVIDED A
STATEMENT CERTIFYING EACH VALUE
AS BELOW THE EXEMPTION AMOUNT,
BUT ALSO HAS ONE OR MORE
BUSINESSES IN THE COUNTY OVER
\$125K, ARE THEY REQUIRED TO
RENDER EVERY PROPERTY? WHAT
ABOUT THE FOLLOWING YEAR?**

Yes, if the owner is required to render, it must render all its property that has taxable situs in the appraisal district unless the property is exempt under another provision of law other than Section 11.145.

26

QUESTION 7

IF THE ACCOUNT IS REQUIRED TO RENDER AND FAILS TO DO SO, BUT THE FINAL VALUE OF AN ACCOUNT IS LESS THAN THE EXEMPTION AMOUNT, WOULD A RENDITION PENALTY APPLY?

Yes and no, the rendition penalty would apply, but the taxable value would be \$0, so no rendition penalty would be calculated – 10% of \$0 is \$0.

27

QUESTION 8

IF THE PERSON ELECTS NOT TO RENDER BY PROVIDING A STATEMENT CERTIFYING THE VALUE BELOW THE EXEMPTION AMOUNT, ARE THEY REQUIRED TO RENDER IN FUTURE YEARS?

No, they are not required to render unless required to do so by the chief appraiser or the value of their property exceeds \$125,000.

There is no application requirement to receive the exemption. If they do not render, the \$125,000 exemption should still be applied by the appraisal district.

28

QUESTION 9

**HOW WOULD THE \$125,000 EXEMPTION BE APPLIED TO ACCOUNTS WITH SPLIT JURISDICTIONS?
EXAMPLE: A 50/50 SPLIT WHERE THE MARKET VALUE FOR EACH INDEPENDENT SCHOOL DISTRICT (ISD) IS \$200,000. ?**

The \$125,000 exemption should be fully applied to each jurisdiction.

Each school district will grant the full \$125,000 exemption.

The County will grant a single \$125,000 exemption

29

QUESTION 10

**HOW SHOULD THE \$125,000 EXEMPTION BE APPLIED TO AN ACCOUNT WITH ALLOCATION BASED ON USE IN THE STATE, SUCH AS VEHICLES, VESSELS, AIRCRAFT, ETC., WITH MILES, DAYS, DEPARTURES, ETC., USED TO CALCULATE THE STATE'S PORTION?
SHOULD IT BE BASED ON PRE-ALLOCATED OR POST-ALLOCATED VALUE?**

Post-allocated value, the exemption should apply to the portion of the property valued.

30

QUESTION 11

**DOES THIS EXEMPTION APPLY TO
DEALER INVENTORY ACCOUNTS?**

Yes, the exemption applies to dealer inventory accounts. The county escrow will likely be more than sufficient to pay the taxes due, and the county will keep any overages in the escrow.

31

QUESTION 12

**WILL THE EXEMPTION APPLY TO
HOTELS WHERE THE VALUE OF THE
BPP IS INCLUDED IN THE OVERALL
VALUE OF THE PROPERTY AND
NOT RENDERED SEPARATELY?**

No, if the BPP value is included in the overall value of the property and not rendered separately, the exemption is not applied.

32

QUESTION 13

**WOULD AN ACCOUNT FOR
DUMPSTERS AT VARIOUS
LOCATIONS THROUGHOUT THE
COUNTY RECEIVE THE EXEMPTION
FOR EACH LOCATION?**

No, if the dumpsters are owned and not leased, and the owner of the dumpsters does not own or lease the space occupied by the equipment, the account would receive the exemption once for each jurisdiction in which the dumpsters are located.

33

QUESTION 14

**SHOULD ACCOUNTS FOR
PRODUCTS STORED IN
WAREHOUSES, PIPE YARDS, ETC.,
BE CONSIDERED AS LEASING THE
SPACE WHERE THE PRODUCT IS
STORED?**

Yes, if the space is leased by the owner for the storage of personal property, the \$125,000 exemption applies.

34

QUESTION 15

SHOULD CELLULAR EQUIPMENT ON A TOWER WHERE THE SPACE ON THE TOWER IS LEASED FROM AN UNRELATED BUSINESS ENTITY BE CONSIDERED LEASED SPACE FOR THIS EXEMPTION?

Yes, each location where the equipment is located and the space is leased would receive the \$125,000 exemption.

35

QUESTION 16

SHOULD UTILITY ACCOUNTS FOR CONTINUOUS LINES OF CABLE, FIBER OPTIC, PIPELINES, ELECTRIC TRANSMISSION LINES, ETC., BE CONSIDERED AS LEASING THE SPACE WHERE THE UTILITIES ARE LOCATED?

No, an easement is not a lease. The utility owner does not own or lease the space occupied by the equipment. The accounts would receive the exemption once for each jurisdiction.

36

QUESTION 17

WOULD AN ACCOUNT FOR GAS METERS WITH UNIQUE LOCATION ADDRESSES RECEIVE THE EXEMPTION FOR EACH METER?

No, an easement is not a lease. The equipment owner does not own or lease the space occupied by the equipment. The accounts would receive the exemption once for each jurisdiction.

37

QUESTION 18

WILL THE EXEMPTION APPLY TO NON-PRODUCING OIL & GAS WELLS THAT ARE EQUIPMENT VALUE ONLY?

Yes, if the equipment is timely rendered as personal property.

38

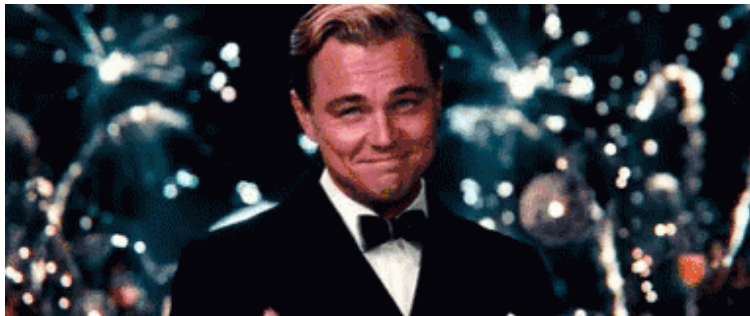
QUESTIONS?

COMMENTS?

CONCERNS?



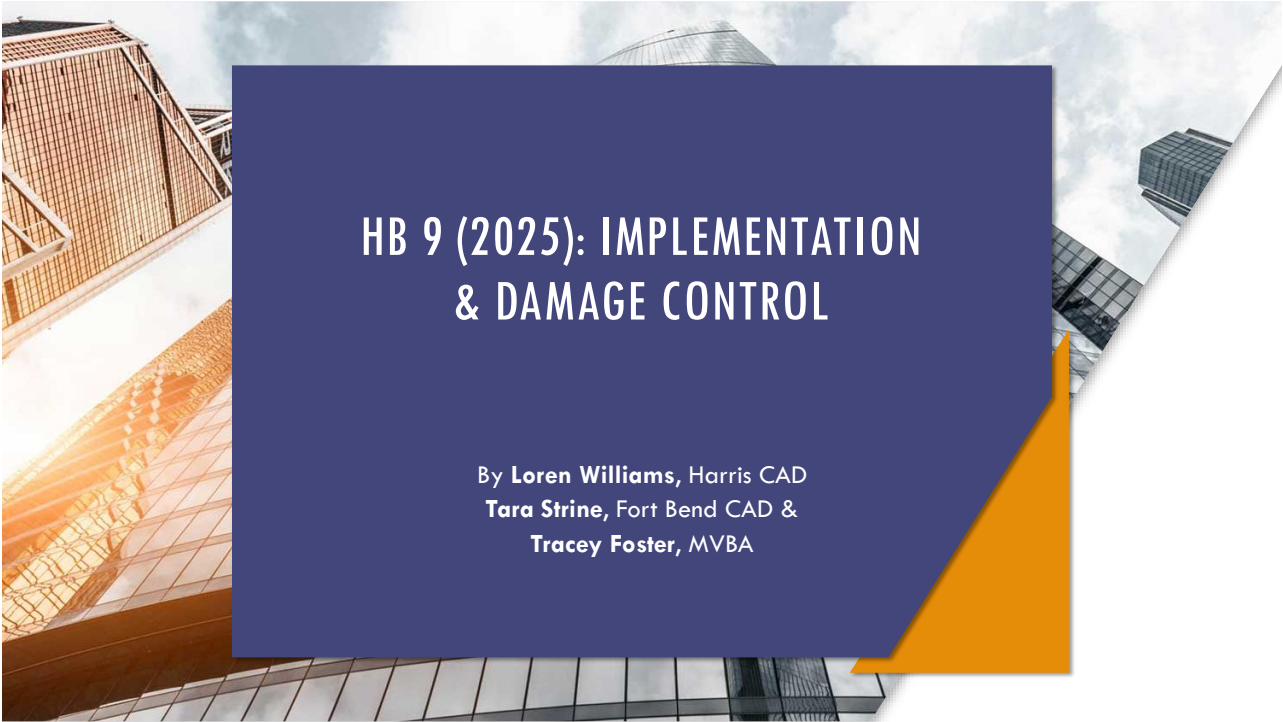
39



**THANK YOU
& GOOD LUCK!**

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