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HOUSE RESEARCH ORGANIZATION

daily floor report

Wednesday, April 02, 2025
89th Legislature, Number 37
The House convenes at 10 a.m.

Four bills are on the General State Calendar and two resolutions are on the Constitutional Amendments Calendar for second reading consideration today.

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Gary VanDeaver
Chairman
89(R) - 37

HOUSE RESEARCH ORGANIZATION

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Wednesday, April 02, 2025

89th Legislature, Number 37

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- SUBJECT:** Authorizing revision of the business personal property tax exemption
- COMMITTEE:** Ways & Means — favorable, without amendment
- VOTE:** 12 ayes — Meyer, Bernal, Button, Capriglione, Gervin-Hawkins, Hickland, Muñoz, Noble, V. Perez, Troxclair, Turner, Vasut
- 0 nays
- 1 absent — Martinez Fischer
- WITNESSES:** For — (*Registered, but did not testify:* Elizabeth Nezda Orr, AT&T; William Peacock, Huffines Liberty Foundation; Jeff Burdett, NFIB; Travis McCormick, Panhandle Producers & Royalty Owners Association; Chris Newton, Texas Apartment Association; Glenn Hamer, Texas Association of Business; Kyle Mauro, Texas Association of Property Tax Professionals; Drew Fuller, Texas Farm Bureau; Justin Bragiel, Texas Hotel and Lodging Association; Robert Wood, Texas Oil & Gas Association, Texas Chemistry Council, Texas Association of Manufacturers; Christy Gessler, Texas Realtors; Jennifer Rabb, Texas Taxpayers and Research Association; James Ransdell)
- Against — (*Registered, but did not testify:* Maya Grever, Harris County Commissioners Court)
- On — (*Registered, but did not testify:* Allison Mansfield, Comptroller of Public Accounts; Adam Haynes, Conference of Urban Counties)
- DIGEST:** HJR 1 would amend the Texas Constitution to revise the amount of tangible personal property held or used for the production of income that the Legislature could exempt from property taxes to \$250,000, rather than the minimum amount sufficient to cover property tax administration costs.
- The ballot proposal would be presented to voters at an election on November 4, 2025, and would read: “The constitutional amendment to authorize the legislature to exempt from ad valorem taxation a portion of

the market value of tangible personal property a person owns that is held or used for the production of income.”

The resolution would take effect for the tax year beginning January 1, 2025.

**SUPPORTERS
SAY:**

HJR 1 would contribute to economic growth and reduce administrative burdens for Texas business owners by authorizing the Legislature to exempt \$250,000 of business personal property, or tangible personal property held or used to produce income, from property taxes.

HJR 1 and its enabling legislation, HB 9, would reduce the tax burden on businesses, allowing them to reinvest these savings to expand their operations. HJR 1 also would incentivize businesses to move to Texas or remain in the state to take advantage of the exemption. In addition, the resolution could reduce the need for businesses to move inventory or equipment to avoid paying business personal property taxes on these items.

Complying with business personal property taxes can be onerous for small businesses, as it requires documenting all assets and reporting acquisition prices and dates and depreciation schedules. The comptroller’s tax formulas can be complicated and often overestimate the value of business personal property, while protesting these determinations can be costly and time-consuming. HJR 1 would reduce these administrative and compliance burdens for business owners whose business personal property did not exceed \$250,000 in value. Additionally, the resolution would reduce administrative burdens for county appraisal districts by reducing the number of businesses on their tax rolls.

While some have suggested that HJR 1 would reduce state and local tax revenue, the impact would be minor. Most of the revenue from the business personal property tax comes from a small number of large businesses, which would still be required to pay taxes on all business personal property over \$250,000. Although local governments could experience some reduction in tax revenue, the potential economic benefits resulting from the bill would outweigh these losses.

CRITICS
SAY:

HJR 1 would negatively impact county and local government revenues. Counties, municipalities, and special districts could have to raise tax rates to cover the loss in property tax revenue from revising the exemption, which could result in redistributing the property tax burden to homeowners.

The resolution also could reduce the state's revenue. The resolution would reduce property tax revenue for school districts, which the state would have to make up for through tax compression formulas. Although school districts would not bear the exemption's impact, HJR 1 could cause a net loss in general revenue for the state.

HJR 1 could encourage business owners to avoid taxes by creating new business entities or spreading inventory across appraisal districts to take advantage of multiple business personal property tax exemptions. Without methods to trace common ownership or coordinate between appraisal districts, a taxing entity would lack the mechanisms to ensure that each taxpayer only received one exemption.

NOTES:

HB 9 by Meyer, the enabling legislation for HJR 1, is also on the daily House calendar for second reading consideration today.

According to the Legislative Budget Board, the constitutional amendment would have no cost to the state other than the cost of publication, which would be \$191,689.

SUBJECT: Prohibiting the Legislature from imposing a death or transfer tax

COMMITTEE: Ways & Means — favorable, without amendment

VOTE: 11 ayes — Meyer, Bernal, Button, Capriglione, Gervin-Hawkins,
Hickland, Muñoz, Noble, V. Perez, Troxclair, Vasut

1 nay — Martinez Fischer

1 absent — Turner

WITNESSES: For — (*Registered, but did not testify*: Drew Fuller, Texas Farm Bureau)

Against — (*Registered, but did not testify*: Fran Rhodes, True Texas Project)

DIGEST: HJR 2 would amend the Texas Constitution to prohibit the Legislature from imposing a state tax on a deceased individual's estate because of the individual's death, including an estate, inheritance, or death tax. The Legislature also would be prohibited from imposing a state tax on the transfer of an estate, inheritance, legacy, succession, or gift from an individual, family member, estate, or trust, including generation-skipping transfers, if the tax was not in effect on January 1, 2025. HJR 2 would prohibit the Legislature from increasing the tax rate or expanding the applicability to new parties of a transfer tax that was in effect on January 1, 2025.

HJR 2 would not prohibit the imposition or change in the rate or applicability of:

- general business taxes based on business activity;
- mineral production taxes;
- taxes on the issuance of title insurance;
- taxes in effect on January 1, 2016;
- motor vehicle gift transfer taxes; or
- ad valorem property taxes.

The ballot proposal would be presented to voters at an election on November 4, 2025, and would read: “The constitutional amendment to prohibit the legislature from imposing death taxes applicable to a decedent’s property or the transfer of an estate, inheritance, legacy, succession, or gift.”

**SUPPORTERS
SAY:**

HJR 2 would ensure that no death tax could be imposed in Texas by creating a constitutional prohibition, which would help guarantee that heirs and beneficiaries could continue to retain property and assets after the passing of a loved one. Death taxes can be burdensome and could lead to estate-planning and tax-avoidance strategies that are inefficient. The money that a person leaves at their death has already been taxed once, and the government should be limited in the number of times it can tax the same assets. Although Texas does not currently have a death tax, HJR 2 would ensure that future legislatures could not institute one.

**CRITICS
SAY:**

Amending the state Constitution to prohibit a death tax that does not currently exist could hinder future legislatures from acting in the best interest of the state and lead to unintended consequences. Constitutional amendments should be reserved for the most critical matters concerning the state, and there is currently no proposal in the Legislature to institute a death tax.

NOTES:

According to the Legislative Budget Board, HJR 2 would have no cost to the state other than the cost of publication, which would be \$191,689.

- SUBJECT:** Exempting \$250,000 of business personal property from taxation
- COMMITTEE:** Ways & Means — favorable, without amendment
- VOTE:** 12 ayes — Meyer, Bernal, Button, Capriglione, Gervin-Hawkins, Hickland, Muñoz, Noble, V. Perez, Troxclair, Turner, Vasut
- 0 nays
- 1 absent — Martinez Fischer
- WITNESSES:** For — Jeff Burdett, NFIB; Diego Galicia, Restaurant Mixtli; Glenn Hamer, Texas Association of Business; Robert Wood, Texas Oil & Gas Association, Texas Chemistry Council, Texas Association of Manufacturers; Christy Gessler, Texas Realtors; John McCord, Texas Retailers Association; Jennifer Rabb, Texas Taxpayers and Research Association; (*Registered, but did not testify:* Samuel Sheetz, Americans for Prosperity; Elizabeth Nezda Orr, AT&T; William Peacock, Huffines Liberty Foundation; Travis McCormick, Panhandle Producers & Royalty Owners Association; Chris Newton, Texas Apartment Association; Kyle Mauro, Texas Association of Property Tax Professionals; Drew Fuller, Texas Farm Bureau; Justin Bragiel, Texas Hotel and Lodging Association; Doug Davis, Tom Spilman, Wholesale Beer Distributors of Texas; James Ransdell)
- Against — (*Registered, but did not testify:* Maya Grever, Harris County Commissioners Court)
- On — Allison Mansfield, Comptroller of Public Accounts; Adam Haynes, Conference of Urban Counties; Travis Ransom, County Judge, County Judges and Commissioners Association of Texas
- DIGEST:** HB 9 would increase the property tax exemption to \$250,000 for tangible personal property a person owns that is held or used for the production of income (business personal property) and would establish that certain reporting was only required for individuals whose business personal property was greater than that amount.

Article 1: Provisions contingent on constitutional amendment. HB 9 would amend the property tax exemption for business personal property from an exemption contingent on the business personal property having a taxable value of less than \$2,500 to an exemption of \$250,000 of the appraised value.

The bill would require a person to render business personal property only if, in the person's opinion, the aggregate market value of the property was greater than \$250,000 in at least one taxing unit. A person required to provide a rendition would be required to do so for all business personal property located in an appraisal district. This requirement would not apply to property exempted from taxation by another provision of law.

Article 1 would apply only to tax years beginning on or after January 1, 2025.

Article 2: Provisions not contingent on constitutional amendment. HB 9 would require an appraisal district's chief appraiser to provide a provisional appraisal roll to each local taxing unit to account for the changes in the proposed constitutional amendment as if those changes were in effect. If the proposed constitutional amendment was approved by voters, the provisional appraisal roll would become the appraisal roll for the taxing unit.

The bill would require taxing units to calculate the following as if the changes in the proposed constitutional amendment were in effect for that tax year:

- the total value of taxable property in the taxing unit;
- the no-new-revenue tax rate;
- the voter-approval tax rate; and
- the amount of tax imposed on a person's business personal property.

The assessor for a taxing unit also would be required to calculate the amount of tax imposed on a person's business personal property as if the changes in the proposed constitutional amendment were not in effect for that tax year.

HB 9 would require the assessor of a taxing unit to mail a provisional tax bill to each person whose taxes would be reduced by the changes in law

attributable to the proposed constitutional amendment. The provisional tax bill would be required to include a statement containing certain information, including:

- the amount of the tax bill without the changes in the proposed constitutional amendment;
- the amount of the tax bill with the changes in the proposed constitutional amendment; and
- that the property owner would receive a supplemental tax bill equal to the difference between those amounts if the proposed constitutional amendment was not approved by voters.

The provisional tax bill would be considered a final tax bill for the taxes imposed for the 2025 tax year if the proposed constitutional amendment was approved by voters. Otherwise, the assessor would be required to prepare and mail a supplemental tax bill equal to the difference between the amount if the proposed constitutional amendment were approved and the amount if it were not. The taxes due in the supplemental tax bill would be delinquent if not paid before March 1 of the following year.

The bill would require the assessor for a taxing unit to correct the tax roll for the 2025 tax year to reflect the results of the election to approve the proposed constitutional amendment.

The provisions established by Article 2 would only apply for tax year 2025. These provisions would expire December 31, 2026.

Effective dates. The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2025.

Article 1 would take effect on the date the proposed constitutional amendment took effect if voters approved the amendment. If the amendment was not approved, Article 1 would have no effect.

SUPPORTERS
SAY:

HB 9 and the proposed constitutional amendment, HJR 1, would contribute to economic growth and reduce administrative burdens for Texas business owners by authorizing the Legislature to exempt \$250,000 of business personal property from property taxes.

HB 9 would reduce the tax burden on businesses, allowing them to reinvest these savings to expand their operations. HB 9 also would incentivize businesses to move to Texas or remain in the state to take advantage of the exemption. In addition, the bill could reduce the need for businesses to move inventory or equipment to avoid paying business personal property taxes on these items.

Complying with business personal property taxes can be onerous for small businesses, as it requires documenting all assets and reporting acquisition prices and dates and depreciation schedules. The comptroller's tax formulas can be complicated and often overestimate the value of business personal property, while protesting these determinations can be costly and time-consuming. HB 9 would reduce these administrative and compliance burdens for business owners whose business personal property did not exceed \$250,000 in value. Additionally, the bill would reduce administrative burdens for county appraisal districts by reducing the number of businesses on their tax rolls.

While some have suggested that HB 9 would reduce state and local tax revenue, the impact would be minor. Most of the revenue from the business personal property tax comes from a small number of large businesses, which would still be required to pay taxes on all business personal property over \$250,000. Although local governments could experience some reduction in tax revenue, the potential economic benefits resulting from the bill would outweigh these losses.

CRITICS
SAY:

HB 9 would negatively impact county and local government revenues. Counties, municipalities, and special districts could have to raise tax rates to cover the loss in property tax revenue caused by the exemption, which could result in redistributing the property tax burden to homeowners.

The bill also could reduce the state's revenue. The tax exemption would reduce property tax revenue for school districts, which the state would have to make up for through tax compression formulas. Although school districts would not bear the exemption's impact, HB 9 could cause a net loss in general revenue for the state.

HB 9 could encourage business owners to avoid taxes by creating new business entities or spreading inventory across appraisal districts to take

advantage of multiple business personal property tax exemptions. Without methods to trace common ownership or coordinate between appraisal districts, a taxing entity would lack the mechanisms to ensure that each taxpayer only received one exemption.

NOTES:

HB 9 is the enabling legislation for HJR 1 by Meyer, which is set for second reading consideration on the Constitutional Amendments Calendar today.

According to the Legislative Budget Board, the bill would have a negative impact of \$566,354,000 to general revenue related funds through fiscal 2026-27.

SUBJECT: Exempting intangible personal property from ad valorem taxation

COMMITTEE: Ways & Means — favorable, without amendment

VOTE: 12 ayes — Meyer, Bernal, Button, Capriglione, Gervin-Hawkins, Hickland, Muñoz, Noble, V. Perez, Troxclair, Turner, Vasut

0 nays

1 absent — Martinez Fischer

WITNESSES: For — (*Registered, but did not testify:* Dennis Kearns, BNSF Railway; Jeff Bonham, CenterPoint Energy, Inc.; William Peacock, Huffines Liberty Foundation; Glenn Hamer, Texas Association of Business; Jennifer Rabb, Texas Taxpayers and Research Association; James Ransdell)

Against — None

On — Allison Mansfield, Steven Shuffer, Comptroller of Public Accounts; Travis Ransom, County Judge, County Judges and Commissioners Association of Texas (*Registered, but did not testify:* James Teal, CJCAT, McMullen County)

DIGEST: HB 22 would establish that all intangible personal property is not taxable. The bill also would repeal provisions of the Tax Code related to the taxation of intangible personal property held by certain insurance companies, savings and loan associations, and transportation businesses and the taxation of intangible property by a taxing unit generally.

The bill would take effect January 1, 2026.

SUPPORTERS SAY: HB 22 would create a more business-friendly environment in Texas by eliminating the taxation of intangible personal property, which can include stocks, trademarks, cryptocurrency, and other intellectual property. While the state already generally limits the taxing of intangible property, certain exceptions exist. Discerning which of a business’s intangibles may be

taxed can be a complicated process and discourage in-state investment among businesses. Additionally, the revenue gained from this tax has been negligible. By repealing the tax, HB 22 would relieve businesses of the burden of calculating their tax liability, provide for more consistency in the Tax Code, and maintain Texas' status as a national leader in economic opportunity.

CRITICS
SAY:

No concerns identified.

- SUBJECT:** Requiring reporting of missing children to a national database
- COMMITTEE:** Homeland Security, Public Safety & Veterans' Affairs — favorable, without amendment
- VOTE:** 10 ayes — Hefner, R. Lopez, Cortez, Dorazio, Hickland, Holt, Isaac, Louderback, McLaughlin, Pierson
- 0 nays
- 1 absent — Canales
- WITNESSES:** For — Brianna Waldock, TexProtects; Glenda Durham (*Registered, but did not testify*); Timothy Mabry, Lead Through Fire; Ruben Longoria, Texas Association of School Boards; Stephanie Battaglia, Texas CASA; Dakota Moyers; Kimberly Moyers)
- Against — None
- BACKGROUND:** Code of Criminal Procedure art. 63.00905(a) requires law enforcement agencies to take certain actions upon receiving a report of a missing child, including entering applicable information into certain databases and informing the person who filed the report of the names of databases where the information will be entered.
- DIGEST:** HB 908 would require law enforcement agencies to enter applicable information regarding a missing child into the National Center for Missing and Exploited Children (NCMEC) database, in addition to the databases specified under Code of Criminal Procedures art. 63.00905(a), within two hours of receiving a report of a missing child.
- The bill also would add NCMEC to the list of databases that must be included when a law enforcement agency notifies the person who filed the report of which databases will receive information about the missing child.

The bill would repeal a duplicative provision in law regarding missing child reports and would take effect September 1, 2025.

**SUPPORTERS
SAY:**

By requiring law enforcement agencies to enter a missing child's information into the National Center for Missing and Exploited Children (NCMEC) database within two hours of receiving a report, HB 908 would accelerate the mobilization and coordination of resources between agencies and across state lines. This could help to find missing children more quickly and reduce their exposure to trauma, abuse, and trafficking.

In cases where a child and perpetrator cross state lines, HB 908 would help ensure that the investigation continued despite jurisdictional change. Requiring law enforcement to share information with NCMEC also could bring national attention to cases that might not otherwise receive widespread notice and aid in identifying potential patterns of abduction or exploitation.

While some have raised concerns that NCMEC could show multiple reports about the same child, in the case of a missing child, overreporting would be better than underreporting.

**CRITICS
SAY:**

HB 908 would increase the large number of reports that NCMEC is required by federal law to send to law enforcement, including informational reports. As such, HB 908 could contribute to officers being overwhelmed with reports unlikely to result in prosecution. Additionally, NCMEC technology is limited and may not be reliable for resolving conflicts among repeat reports.

SUBJECT: Extending the deadline for property tax payments for office closures

COMMITTEE: Ways & Means — favorable, without amendment

VOTE: 10 ayes — Meyer, Martinez Fischer, Button, Capriglione, Hickland, Noble, V. Perez, Troxclair, Turner, Vasut

0 nays

3 absent — Bernal, Gervin-Hawkins, Muñoz

WITNESSES: For — Larry Gaddes (*Registered, but did not testify*: Charles Reed, Dallas County Commissioners Court; Elisa M. Tamayo, El Paso County; Santiago Franco, Harris County Commissioners Court; Kevin Kieschnick, Tax Assessor Collectors Association of Texas, Office of Nueces County Tax Assessor Collector; Julie Wheeler, Travis County Commissioners Court; Sarah Berel-Harrop)

Against — None

DIGEST: HB 1392 would establish that if the last day for the payment of property taxes was a day on which the taxing unit collector’s office was closed and the payment was made on the next regular business day, the payment would be timely.

The bill would take effect January 1, 2026.

SUPPORTERS SAY: HB 1392 would prevent property tax payments from being considered delinquent if the tax collector’s office was closed on the due date. Currently, the state only postpones the delinquency date when the payment deadline falls on a weekend or national holiday. However, natural disasters, cyberattacks, and other events have caused tax assessor offices to be closed unexpectedly for days at a time. HB 1392 would prevent taxpayers from having to pay penalties in these unforeseen circumstances.

CRITICS SAY: No concerns identified.

