

## **BILL ANALYSIS**

Senate Research Center  
84R6089 TJB-D

S.J.R. 35  
By: Bettencourt  
Finance  
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As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

S.J.R. 35 gives the legislature the authority to grant businesses a property tax exemption for business personal property used for manufacturing, processing, or fabricating tangible personal property for ultimate sale. S.B. 758 is the enabling legislation that will grants businesses a property tax exemption for business personal property used in manufacturing that is also exempt from the sales tax under Section 151.318 (Property Used in Manufacturing), Tax Code.

Business personal property of all types is subject to a relatively heavy property tax burden in Texas. Texas is one of only seven states that subject business inventories to property taxation, and per the Tax Foundation, has one of the highest per capita business property tax burdens in the country.

S.J.R. 35 and S.B. 758 are meant to reduce this burden by exempting property used for manufacturing from the property tax. This property is already exempt from the state sales tax, and continuing to levy a property tax against it is unfair. Additionally, the exemption should be relatively easy to apply for and administer. Taxpayers will be able to claim their property tax exemption by presenting their sales tax exemption certificate at the appraisal district, or if they cannot present their certificate, they can file a statement that the property in question is exempt from the sales tax.

S.J.R. 35 proposes a constitutional amendment authorizing the legislature to exempt from ad valorem taxation by one or more political subdivisions tangible personal property used by the owner of the property to manufacture, process, or fabricate tangible personal property for ultimate sale.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Article VIII, Texas Constitution, by adding Section 1-t, as follows:

Sec. 1-t. (a) Authorizes the legislature by general law to exempt from ad valorem taxation by one or more political subdivisions tangible personal property used by the owner of the property to manufacture, process, or fabricate tangible personal property for ultimate sale.

(b) Authorizes the legislature by general law to provide additional eligibility requirements for an exemption authorized by this section.

SECTION 2. Requires this proposed constitutional amendment to be submitted to the voters at an election to be held on November 3, 2015. Sets forth the required language for the ballot.