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What's New in Business Personal Property (BPP) – HB 9, HB 3424, and SB 1352

Several legislative changes from the 88th Texas Legislature, including **House Bill 9 (HB 9)**, **House Bill 3424 (HB 3424)**, and **Senate Bill 1352 (SB 1352)**, will affect Business Personal Property owners for the 2026 tax year. These updates impact filing requirements, documentation standards, exemption processes, and inventory reporting.

Here is how they may affect your Business Personal Property account:

HB 9 significantly changes how business personal property (BPP) is exempted and when a business must file a rendition. These changes take **effect January 1, 2026**.

1. New \$125,000 Exemption (Replaces the Old “Less than \$2,500” Rule)

Under HB 9, a business can now exempt up to \$125,000 of the value of its income-producing personal property at each location.

- This is a major increase from the old rule, which exempted property only if it was valued under \$2,500.

2. Exemption Applies at Each Location

Each business location in a taxing unit can receive the **full \$125,000 exemption**.

- All taxable personal property at that location is **added together** to determine if it exceeds \$125,000.

3. Leased Property Also Qualifies

- If a business owns property and leases it out, it also gets a \$125,000 exemption on the total value of its leased property—no matter where the leased items are located within the taxing unit.

4. Property Stored at a Location the Owner Does NOT Own or Lease

- If a business has property stored or located somewhere it does not own or lease (for example, goods stored at another business), it can still get another \$125,000 exemption on that property.

5. New Rules for Related Businesses (“Unified Business Enterprise”)

If multiple businesses operate together as part of a **shared business operation** at the **same address**, they are treated as one business for the purposes of the exemption.

- Their property values at that location must be **combined** to determine whether they exceed the \$125,000 exemption.
- The chief appraiser can **investigate** to determine if businesses are related.

This prevents businesses from splitting into multiple LLCs just to claim multiple exemptions.

6. New Rendition Rules – When a Business Must Render

A. A business must render its property only if:

The **total value** of its property at a location is **more than** the \$125,000 exemption.

B. If a business believes its property is under \$125,000:

It may choose **not to render**, but it must file a **short certification** stating it believes its value is under the exemption.

C. Once a business elects not to render:

- The election stays in effect **every year** until ownership changes.
- The chief appraiser may still **require** a rendition if needed.

D. Owners must render ALL taxable property

If required to render (because value is over the exemption), the owner must list **all** personal property in the district.

E. Related business entities

If multiple related businesses form a “unified business,” each rendition must show the required information ~~for each related business entity~~.

7. New Rendition Form Requirements

Rendition forms must now include:

- A box for a business to mark that it is a **related business entity**
- A box for businesses that elect **not to render** because they believe their value is under \$125,000
- A box allowing owners to confirm that last year’s rendition is still accurate
- Standard legal warning for false statements

HB 3424 changes how dealers of heavy equipment report, calculate, and pay inventory taxes.

The law updates reporting frequency, record-keeping, and how unit property tax is handled. These changes take **effect January 1, 2026**.

1. Quarterly Filing Instead of Monthly Filing

Dealers will now file their **Heavy Equipment Inventory Tax Statements** **every quarter**, not every month.

Dealers must file a statement by the **20th day after the end of each quarter**, even if:

- they had **no sales**,
- **no leases**, or
- **no rentals** during that quarter.

This means there are now **four filings per year**, instead of 12.

2. Quarterly Deposits of Unit Property Tax

Dealers must deposit their **unit property tax payments quarterly** as well.

The deposit must equal the **total unit property tax assigned** to all equipment sold, leased, or rented during the quarter.

These payments go into the dealer’s **escrow account** to prepay property taxes on the inventory.

3. Simplified Quarterly Statement Requirements

The required quarterly statement now includes **summary information**, not detailed item-by-item listings.

Each quarterly report must include:

1. A **summary** of all equipment sold, leased, or rented that quarter
2. The **total amount received** from those sales or leases
3. The **total unit property tax** assigned for the quarter

4. Updated Recordkeeping Rules

Dealers must retain **complete and accurate records** for all sales, leases, and rentals of heavy equipment.

- The comptroller will set the required retention period by rule.

- The chief appraiser and collector may examine these records as needed.
Dealers **do not** submit these records with their quarterly statement but must maintain them.

5. Rules for Business or Asset Purchasers

If someone buys a dealer's business or equipment inventory:

- They may agree **by contract** to pay the seller's current-year heavy equipment inventory taxes.
- The buyer may use the **same unit property tax factor** the seller would have used.
- Both buyer and seller must notify the chief appraiser and collector.

The seller **remains liable** for the taxes, even if the buyer agrees to pay them.

The buyer **does not** have to file a declaration until the **year after** the acquisition.

SB 1352 updates the rules for **filing deadlines** and **late-filing penalties** for two types of Business Personal Property filings:

- **Freeport Exemption (Section 11.251)**
- **Allocation Applications (Section 21.09)**

The bill links these deadlines to rendition extensions and clarifies how penalties are calculated when applications are filed late but approved.

1. Freeport Exemption Deadlines Are Automatically Extended When Renditions Are Extended

If the chief appraiser grants a property owner an extension to file their **rendition** until **May 15** under Tax Code §22.23(b):

The Freeport exemption deadline automatically extends to May 15 as well.

(Freeport = Section 11.251 exemption for goods moving in interstate commerce.)

2. Updated Penalty for Late Freeport Applications (Section 11.4391)

If a Freeport application is filed late **but approved**, the property owner owes a penalty.

SB 1352 clarifies that the penalty = **the lesser of**:

1. **10% of the difference** between:
 - the tax owed *without* the Freeport exemption, and
 - the tax owed *with* the exemption,**OR**
2. **10% of the tax imposed on the Freeport property.**

This ensures the penalty cannot exceed 10% of the tax due on the Freeport portion.

3. Allocation Application Deadlines Also Follow Rendition Extensions

If the chief appraiser extends the rendition deadline to **May 15**, the **allocation application deadline (Section 21.09)** is also automatically extended to **May 15**.

Additional Good-Cause Extension

For allocation filings, the chief appraiser **must** (stronger language than for Freeport) extend the deadline **up to 30 additional days** if good cause is shown.

4. Updated Penalty for Late Allocation Applications (Section 21.10)

If a property owner files an allocation application late but it is approved, the penalty is the lesser of:

1. **10% of the difference** between the taxes owed:
 - without the allocation, and
 - with the allocation,**OR**
2. **10% of the tax imposed on the property with the allocation.**

5. Applies Only to Applications Filed on or After September 1, 2025

- The new Freeport rules apply to Freeport exemption applications filed **on or after September 1, 2025.**
- The new allocation rules apply to allocation applications filed **on or after September 1, 2025.**