Proposition 9 Passed for Texas Business Owners — NEW 2026 LAW (as of January 1st)

On November 4, 2025, Texas voters approved Proposition 9, Constitutionally authorizing a new exemption for Business Personal Property (BPP).

Effective January 1, 2026, the standard BPP Exemption increases from $2,500 to $125,000.

Business personal property owners who qualify for the recently enacted $125,000 exemption and whose total value is less than $125,000 must file a one-time rendition as a certification stating their value is below $125,000. In Section 5 of the rendition, check the box for your value, sign the form, and return it.

Business personal property owners with a market value exceeding $125,000 are required by Texas law to submit a rendition annually, and it must be submitted to Fort Bend Central Appraisal District on or before April 15, 2026. Under the law, any business required to file a rendition that fails to do so timely is subject to a 10% tax penalty.

Scenario 1
For businesses with $125,000 or less in BPP
(E.g., Family office, home office, small retail shops, independent contractors, professional services, startups)

For small businesses, this law has the potential to reduce taxable value to $0.00.

• **Taxable Value:** Your BPP taxable value to $0.

• **Compliance Change:** You will no longer be required to file the annual BPP rendition (Form 50-144) with FBCAD.

Note: Appraisal districts require a one-time, simplified "statement" to claim exemption or as requested by Chief Appraiser, but the annual filing requirement is gone. This can be done on the standard rendition form.

Example: A business with $75,000 in equipment and inventory, which previously paid taxes on $75,000 of value, will now save 100% of that cost.

Scenario 2
For businesses with more than $125,000 in BPP
(E.g., Multi-location businesses, manufacturers, large office-based and/or equipment-based companies)

The new law provides up to $125,000 exemption applying to the BPP value in each taxing unit where your business operates within a local government taxing unit's area.

• **Old Rule:** Under the old $2,500 "threshold" rule, a business with $2,000,000 in BPP received no exemption and paid tax on the full $2,000,000.

• **New Rule:** That same business now receives a $125,000 exemption per taxing unit.

• **The "Per Location" Benefit:** The law states the exemption applies to "each separate location" where you hold property. If your business operates five retail stores in Fort Bend County, then all property that has taxable situs in each separate location is aggregated for the purpose of applying the $125,000 exemption.

Illustration of the application of the new Texas Business Personal Property tax exemption per location.

• **The "Related Business" Limitation:** The law requires that all property owned by "related business entities" that are part of a "common business enterprise" that has taxable situs at the same physical location must be aggregated (combined) before application of the exemption.

Example: If Smith Hardware LLC and Smith Tools LLC operate at the same location with the same effective owners, they are deemed "related businesses" and aggregated.