

BILL ANALYSIS

C.S.H.B. 104
By: Chavez
Local Government Ways and Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Under current law, certain tangible personal property is exempt from ad valorem taxation if the property is detained in this state for assembling, storing, manufacturing, processing, or fabricating purposes by the person who acquired or imported the property. However, property that would otherwise be exempt, such as warehouse inventory, is subject to taxation by the state which may place the Texas warehousing industry at a competitive disadvantage to similar industries in neighboring states or across the border. C.S.H.B. 104 authorizes the legislature to exempt tangible personal property that consists of goods-in-transit from ad valorem taxation.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 104 amends the Tax Code to provide a tax exemption for the appraised value of the portion of a person's property that consists of goods-in-transit. The bill sets forth the method that the chief appraiser is required to use in determining the appraised value of goods-in-transit and the percentage of the market value of inventory or other property owned by the property owner that was contributed by goods-in-transit. The bill also provides exceptions in determining the appraised value or market value if the property owner was not engaged in transporting goods-in-transit intrastate for the entire preceding year or if the property owner or the chief appraiser demonstrates that the calculation method significantly understates or overstates the market value of the qualified exempted property.

C.S.H.B. 104 authorizes the chief appraiser to require a property owner who claims an exemption for goods-in transit to provide copies of property records to determine if the goods-in-transit exemption satisfies the applicable provisions. The bill authorizes the governing body of a taxing unit to provide for the taxation of tangible property that is exempt as a goods-in-transit and not exempt under other law. Before acting to tax the exempt property, the governing body of the taxing unit must conduct a public hearing.

C.S.H.B. 104 modifies the definition of "taxable value" used to determine school district property taxes to exempt goods-in-transit.

EFFECTIVE DATE

January 1, 2004

COMPARISON OF ORIGINAL TO SUBSTITUTE

C.S.H.B. 104 differs from the original by amending that certain definitions have the meanings assigned by Tax Code, subchapter B, Chapter 23. The substitute also expands on the definition of goods-in-transit and the meaning of tangible personal property. The substitute replaces, 270 days with 175 days, changing the amount of days that goods can be transported to another location in this state.

