

By: Chavez

H.B. No. 104

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the exemption from ad valorem taxation of tangible
3 personal property held at certain locations only temporarily for
4 assembling, manufacturing, processing, or other commercial
5 purposes.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

7 SECTION 1. Subchapter B, Chapter 11, Tax Code, is amended by
8 adding Section 11.253 to read as follows:

9 Sec. 11.253. TANGIBLE PERSONAL PROPERTY IN TRANSIT.

10 (a) In this section, "goods-in-transit" means tangible personal
11 property that meets the requirements of Section 1-n, Article VIII,
12 Texas Constitution, as proposed by S.J.R. No. 6, 77th Legislature,
13 Regular Session, 2001.

14 (b) A person is entitled to an exemption from taxation of
15 the appraised value of that portion of the person's property that
16 consists of goods-in-transit.

17 (c) The exemption provided by Subsection (b) is subtracted
18 from the market value of the property determined under Section
19 23.01 or 23.12, as applicable, to determine the taxable value of the
20 property.

21 (d) Except as provided by Subsections (f) and (g), the chief
22 appraiser shall determine the appraised value of goods-in-transit
23 under this subsection. The chief appraiser shall determine the
24 percentage of the market value of inventory or other property owned

1 by the property owner in the preceding calendar year that was
2 contributed by goods-in-transit. For the first year to which the
3 exemption applies to a taxing unit, the chief appraiser shall
4 determine that percentage as if the exemption applied to the
5 preceding year. The chief appraiser shall apply that percentage to
6 the market value of the property owner's inventory or other
7 property for the current year to determine the appraised value of
8 goods-in-transit for the current year.

9 (e) In determining the market value of goods-in-transit
10 that in the preceding year were assembled, manufactured, repaired,
11 maintained, processed, or fabricated in this state, the chief
12 appraiser shall exclude the cost of equipment, machinery, or
13 materials that entered into and became component parts of the
14 goods-in-transit but were not themselves goods-in-transit or that
15 were not transported to another location in this state or out of
16 this state before the expiration of 270 days after the date they
17 were brought into this state by the property owner or acquired by
18 the property owner in this state. For component parts held in bulk,
19 the chief appraiser may use the average length of time a component
20 part was held by the owner of the component parts during the
21 preceding year at a location in this state that was not owned by or
22 under the control of the owner of the component parts in determining
23 whether the component parts were transported to another location in
24 this state or out of this state before the expiration of 270 days.

25 (f) If the property owner was not engaged in transporting
26 goods-in-transit to another location in this state or out of this
27 state for the entire preceding year, the chief appraiser shall

1 calculate the percentage of the market value described in
2 Subsection (d) for the portion of the year in which the property
3 owner was engaged in transporting goods-in-transit to another
4 location in this state or out of this state.

5 (g) If the property owner or the chief appraiser
6 demonstrates that the method provided by Subsection (d)
7 significantly understates or overstates the market value of the
8 property qualified for an exemption under Subsection (b) in the
9 current year, the chief appraiser shall determine the market value
10 of the goods-in-transit to be exempt by determining, according to
11 the property owner's records and any other available information,
12 the market value of those goods-in-transit owned by the property
13 owner on January 1 of the current year, excluding the cost of
14 equipment, machinery, or materials that entered into and became
15 component parts of the goods-in-transit but were not themselves
16 goods-in-transit or that were not transported to another location
17 in this state or out of this state before the expiration of 270 days
18 after the date they were brought into this state by the property
19 owner or acquired by the property owner in this state.

20 (h) The chief appraiser by written notice delivered to a
21 property owner who claims an exemption under this section may
22 require the property owner to provide copies of property records to
23 determine the amount and value of goods-in-transit and whether the
24 location in this state where the goods-in-transit were detained for
25 assembling, storing, manufacturing, processing, or fabricating
26 purposes was not owned by or under the control of the owner of the
27 goods-in-transit. If the property owner fails to deliver the

1 information requested in the notice before the 31st day after the
2 date the notice is delivered to the property owner, the property
3 owner forfeits the right to claim or receive the exemption for that
4 year.

5 (i) Property that meets the requirements of Section 1-n(a),
6 Article VIII, Texas Constitution, as proposed by S.J.R. No. 6, 77th
7 Legislature, Regular Session, 2001, constitutes goods-in-transit
8 regardless of whether the person who owns the property on January 1
9 is the person who transports it to another location in this state or
10 out of this state.

11 (j) The governing body of a taxing unit, in the manner
12 required for official action by the governing body, may provide for
13 the taxation of tangible personal property exempt under Subsection
14 (b) and not exempt under other law. Before acting to tax the exempt
15 property, the governing body of the taxing unit must conduct a
16 public hearing as required by Section 1-n(d), Article VIII, Texas
17 Constitution, as proposed by S.J.R. No. 6, 77th Legislature,
18 Regular Session, 2001. If the governing body of a taxing unit
19 provides for the taxation of the property as provided by this
20 subsection, the exemption prescribed by Subsection (b) does not
21 apply to that unit.

22 SECTION 2. Section 403.302(d), Government Code, is amended
23 to read as follows:

24 (d) For the purposes of this section, "taxable value" means
25 the market value of all taxable property less:

26 (1) the total dollar amount of any residence homestead
27 exemptions lawfully granted under Section 11.13(b) or (c), Tax

1 Code, in the year that is the subject of the study for each school
2 district;

3 (2) one-half of the total dollar amount of any
4 residence homestead exemptions granted under Section 11.13(n), Tax
5 Code, in the year that is the subject of the study for each school
6 district;

7 (3) the total dollar amount of any exemptions granted
8 before May 31, 1993, within a reinvestment zone under agreements
9 authorized by Chapter 312, Tax Code;

10 (4) subject to Subsection (e), the total dollar amount
11 of any captured appraised value of property that:

12 (A) is within a reinvestment zone created on or
13 before May 31, 1999, or is proposed to be included within the
14 boundaries of a reinvestment zone as the boundaries of the zone and
15 the proposed portion of tax increment paid into the tax increment
16 fund by a school district are described in a written notification
17 provided by the municipality or the board of directors of the zone
18 to the governing bodies of the other taxing units in the manner
19 provided by Section 311.003(e), Tax Code, before May 31, 1999, and
20 within the boundaries of the zone as those boundaries existed on
21 September 1, 1999, including subsequent improvements to the
22 property regardless of when made;

23 (B) generates taxes paid into a tax increment
24 fund created under Chapter 311, Tax Code, under a reinvestment zone
25 financing plan approved under Section 311.011(d), Tax Code, on or
26 before September 1, 1999; and

27 (C) is eligible for tax increment financing under

1 Chapter 311, Tax Code;

2 (5) the total dollar amount of any exemptions granted
3 under Section 11.251 or 11.253, Tax Code;

4 (6) the difference between the comptroller's estimate
5 of the market value and the productivity value of land that
6 qualifies for appraisal on the basis of its productive capacity,
7 except that the productivity value estimated by the comptroller may
8 not exceed the fair market value of the land;

9 (7) the portion of the appraised value of residence
10 homesteads of the elderly on which school district taxes are not
11 imposed in the year that is the subject of the study, calculated as
12 if the residence homesteads were appraised at the full value
13 required by law;

14 (8) a portion of the market value of property not
15 otherwise fully taxable by the district at market value because of:

16 (A) action required by statute or the
17 constitution of this state that, if the tax rate adopted by the
18 district is applied to it, produces an amount equal to the
19 difference between the tax that the district would have imposed on
20 the property if the property were fully taxable at market value and
21 the tax that the district is actually authorized to impose on the
22 property, if this subsection does not otherwise require that
23 portion to be deducted; or

24 (B) action taken by the district under Subchapter
25 B or C, Chapter 313, Tax Code;

26 (9) the market value of all tangible personal
27 property, other than manufactured homes, owned by a family or

1 individual and not held or used for the production of income;

2 (10) the appraised value of property the collection of
3 delinquent taxes on which is deferred under Section 33.06, Tax
4 Code;

5 (11) the portion of the appraised value of property
6 the collection of delinquent taxes on which is deferred under
7 Section 33.065, Tax Code; and

8 (12) the amount by which the market value of a
9 residence homestead to which Section 23.23, Tax Code, applies
10 exceeds the appraised value of that property as calculated under
11 that section.

12 SECTION 3. This Act takes effect January 1, 2004, and
13 applies only to taxes imposed for a tax year beginning on or after
14 that date.