

1-1 By: Duncan S.B. No. 947
1-2 (In the Senate - Filed February 18, 2009; March 9, 2009, read
1-3 first time and referred to Committee on Finance; April 14, 2009,
1-4 reported favorably by the following vote: Yeas 13, Nays 0;
1-5 April 14, 2009, sent to printer.)

1-6 A BILL TO BE ENTITLED
1-7 AN ACT

1-8 relating to the exemption from ad valorem taxation of certain
1-9 tangible personal property stored temporarily at a location in this
1-10 state.

1-11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-12 SECTION 1. Subsection (a), Section 11.253, Tax Code, as
1-13 added by Chapter 830 (H.B. 621), Acts of the 80th Legislature,
1-14 Regular Session, 2007, is amended by amending Subdivision (2) and
1-15 adding Subdivisions (5) and (6) to read as follows:

1-16 (2) "Goods-in-transit" means tangible personal
1-17 property that:

1-18 (A) is acquired in or imported into this state to
1-19 be forwarded to another location in this state or outside this
1-20 state;

1-21 (B) is stored under a contract of bailment by a
1-22 public warehouse operator ~~[detained]~~ at one or more public
1-23 warehouse facilities ~~[a location]~~ in this state that are not in any
1-24 way owned or controlled by ~~[in which]~~ the owner of the personal
1-25 property ~~[does not have a direct or indirect ownership interest]~~
1-26 for the account of ~~[assembling, storing, manufacturing,~~
1-27 ~~processing, or fabricating purposes by]~~ the person who acquired or
1-28 imported the property;

1-29 (C) is transported to another location in this
1-30 state or outside this state not later than 175 days after the date
1-31 the person acquired the property in or imported the property into
1-32 this state; and

1-33 (D) does not include oil, natural gas, petroleum
1-34 products, aircraft, dealer's motor vehicle inventory, dealer's
1-35 vessel and outboard motor inventory, dealer's heavy equipment
1-36 inventory, or retail manufactured housing inventory.

1-37 (5) "Bailee" and "warehouse" have the meanings
1-38 assigned by Section 7.102, Business & Commerce Code.

1-39 (6) "Public warehouse operator" means a person that:

1-40 (A) is both a bailee and a warehouse; and

1-41 (B) for hire stores, at one or more public
1-42 warehouse facilities, tangible personal property that is owned by
1-43 other persons solely for the account of those persons and not for
1-44 the operator's account.

1-45 SECTION 2. Section 11.253, Tax Code, as added by Chapter 830
1-46 (H.B. 621), Acts of the 80th Legislature, Regular Session, 2007, is
1-47 amended by amending Subsections (e) and (h) and adding Subsections
1-48 (j-1) and (j-2) to read as follows:

1-49 (e) In determining the market value of goods-in-transit
1-50 that in the preceding year were ~~[assembled,]~~ stored~~[, manufactured,~~
1-51 ~~processed, or fabricated]~~ in this state, the chief appraiser shall
1-52 exclude the cost of equipment, machinery, or materials that entered
1-53 into and became component parts of the goods-in-transit but were
1-54 not themselves goods-in-transit or that were not transported to
1-55 another location in this state or outside this state before the
1-56 expiration of 175 days after the date they were brought into this
1-57 state by the property owner or acquired by the property owner in
1-58 this state. For component parts held in bulk, the chief appraiser
1-59 may use the average length of time a component part was held by the
1-60 owner of the component parts during the preceding year at a location
1-61 in this state that was not owned by or under the control of the owner
1-62 of the component parts in determining whether the component parts
1-63 were transported to another location in this state or outside this
1-64 state before the expiration of 175 days.

2-1 (h) The chief appraiser by written notice delivered to a
 2-2 property owner who claims an exemption under this section may
 2-3 require the property owner to provide copies of property records so
 2-4 the chief appraiser can determine the amount and value of
 2-5 goods-in-transit and that the location in this state where the
 2-6 goods-in-transit were detained for storage [~~assembling, storing,~~
 2-7 ~~manufacturing, processing, or fabricating purposes~~] was not owned
 2-8 by or under the control of the owner of the goods-in-transit. If
 2-9 the property owner fails to deliver the information requested in
 2-10 the notice before the 31st day after the date the notice is
 2-11 delivered to the property owner, the property owner forfeits the
 2-12 right to claim or receive the exemption for that year.

2-13 (j-1) Notwithstanding Subsection (j) or official action
 2-14 that was taken under that subsection before September 1, 2009, to
 2-15 tax goods-in-transit exempt under Subsection (b) and not exempt
 2-16 under other law, a taxing unit may not tax such goods-in-transit in
 2-17 a tax year that begins on or after January 1, 2010, unless the
 2-18 governing body of the taxing unit takes action on or after September
 2-19 1, 2009, in the manner required for official action by the governing
 2-20 body, to provide for the taxation of the goods-in-transit. The
 2-21 official action to tax the goods-in-transit must be taken before
 2-22 January 1 of the first tax year in which the governing body proposes
 2-23 to tax goods-in-transit. Before acting to tax the exempt property,
 2-24 the governing body of the taxing unit must conduct a public hearing
 2-25 as required by Section 1-n(d), Article VIII, Texas Constitution.
 2-26 If the governing body of a taxing unit provides for the taxation of
 2-27 the goods-in-transit as provided by this subsection, the exemption
 2-28 prescribed by Subsection (b) does not apply to that unit. The
 2-29 goods-in-transit remain subject to taxation by the taxing unit
 2-30 until the governing body of the taxing unit, in the manner required
 2-31 for official action, rescinds or repeals its previous action to tax
 2-32 goods-in-transit, or otherwise determines that the exemption
 2-33 prescribed by Subsection (b) will apply to that taxing unit.

2-34 (j-2) Notwithstanding Subsection (j-1), if under Subsection
 2-35 (j) the governing body of a taxing unit, before September 1, 2009,
 2-36 took action to provide for the taxation of goods-in-transit and
 2-37 pledged the taxes imposed on the goods-in-transit for the payment
 2-38 of a debt of the taxing unit, the tax officials of the taxing unit
 2-39 may continue to impose the taxes against the goods-in-transit until
 2-40 the debt is discharged if cessation of the imposition would impair
 2-41 the obligation of the contract by which the debt was created.

2-42 SECTION 3. Subdivision (2), Subsection (a), Section 11.253,
 2-43 Tax Code, as amended by this Act, applies only to an ad valorem tax
 2-44 year that begins on or after January 1, 2010.

2-45 SECTION 4. (a) Except as provided by Subsection (b) of
 2-46 this section, this Act takes effect January 1, 2010.

2-47 (b) Section 2 of this Act takes effect September 1, 2009.

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