

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

March 25, 2009

TO: Honorable Steve Ogden, Chair, Senate Committee on Finance

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: SB947 by Duncan (Relating to the exemption from ad valorem taxation of certain tangible personal property stored temporarily at a location in this state.), **As Introduced**

Because information is not available about the value of goods currently receiving the exemptions that would be disallowed because of the changes of the requirement concerning ownership interest in the warehouses or the changes in the allowable reasons for holding the goods, the fiscal impact to the State cannot be estimated.

The bill would amend Chapter 11 of the Tax Code, to change certain requirements for goods-in-transit to be exempt from ad valorem taxation.

The bill would require that to qualify for the exemption, the goods would be stored in a public warehouse in which the owner of the goods has no ownership interest. The bill would provide the exemption for goods held for storage, while the current law provides an exemption for goods detained for assembling, storing, manufacturing, processing or fabrication purposes.

The bill would allow a taxing unit to tax goods in transit only if its governing body took action to eliminate the exemption. Local units that had previously taken action under existing law to eliminate the exemption would have to act again to eliminate the exemption unless the elimination would impair the payment of debt obligations.

Because information is not available about the value of goods currently receiving the exemptions that would be disallowed because of the changes of the requirement concerning ownership interest in the warehouses or the changes in the allowable reasons for holding the goods, the fiscal impact of the bill cannot be estimated.

The requirement that official action be taken to tax goods in transit would be effective September 1, 2009. Other provisions would be effective January 1, 2010.

Local Government Impact

Because information is not available about the value of goods currently receiving the exemptions that would be disallowed because of the changes of the requirement concerning ownership interest in the warehouses or the changes in the allowable reasons for holding the goods, the fiscal impact to units of local government cannot be estimated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, MN, SD, SJS