

1-1 By: Duncan S.B. No. 326  
1-2 (In the Senate - Filed January 10, 2011; February 2, 2011,  
1-3 read first time and referred to Committee on Finance;  
1-4 March 29, 2011, reported favorably by the following vote: Yeas 15,  
1-5 Nays 0; March 29, 2011, 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, is  
1-13 amended by amending Subdivision (2) and adding Subdivisions (5) and  
1-14 (6) to read as follows:

1-15 (2) "Goods-in-transit" means tangible personal  
1-16 property that:

1-17 (A) is acquired in or imported into this state to  
1-18 be forwarded to another location in this state or outside this  
1-19 state;

1-20 (B) is stored under a contract of bailment by a  
1-21 public warehouse operator ~~[detained]~~ at one or more public  
1-22 warehouse facilities ~~[a location]~~ in this state that are not in any  
1-23 way owned or controlled by ~~[in which]~~ the owner of the personal  
1-24 property ~~[does not have a direct or indirect ownership interest]~~  
1-25 for the account of ~~[assembling, storing, manufacturing,~~  
1-26 ~~processing, or fabricating purposes by]~~ the person who acquired or  
1-27 imported the property;

1-28 (C) is transported to another location in this  
1-29 state or outside this state not later than 175 days after the date  
1-30 the person acquired the property in or imported the property into  
1-31 this state; and

1-32 (D) does not include oil, natural gas, petroleum  
1-33 products, aircraft, dealer's motor vehicle inventory, dealer's  
1-34 vessel and outboard motor inventory, dealer's heavy equipment  
1-35 inventory, or retail manufactured housing inventory.

1-36 (5) "Bailee" and "warehouse" have the meanings  
1-37 assigned by Section 7.102, Business & Commerce Code.

1-38 (6) "Public warehouse operator" means a person that:

1-39 (A) is both a bailee and a warehouse; and

1-40 (B) stores under a contract of bailment, at one  
1-41 or more public warehouse facilities, tangible personal property  
1-42 that is owned by other persons solely for the account of those  
1-43 persons and not for the operator's account.

1-44 SECTION 2. Section 11.253, Tax Code, is amended by amending  
1-45 Subsections (e) and (h) and adding Subsections (j-1) and (j-2) to  
1-46 read as follows:

1-47 (e) In determining the market value of goods-in-transit  
1-48 that in the preceding year were ~~[assembled,]~~ stored~~[, manufactured,~~  
1-49 ~~processed, or fabricated]~~ in this state, the chief appraiser shall  
1-50 exclude the cost of equipment, machinery, or materials that entered  
1-51 into and became component parts of the goods-in-transit but were  
1-52 not themselves goods-in-transit or that were not transported to  
1-53 another location in this state or outside this state before the  
1-54 expiration of 175 days after the date they were brought into this  
1-55 state by the property owner or acquired by the property owner in  
1-56 this state. For component parts held in bulk, the chief appraiser  
1-57 may use the average length of time a component part was held by the  
1-58 owner of the component parts during the preceding year at a location  
1-59 in this state that was not owned by or under the control of the owner  
1-60 of the component parts in determining whether the component parts  
1-61 were transported to another location in this state or outside this  
1-62 state before the expiration of 175 days.

1-63 (h) The chief appraiser by written notice delivered to a  
1-64 property owner who claims an exemption under this section may

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

2-11 (j-1) Notwithstanding Subsection (j) or official action  
 2-12 that was taken under that subsection before September 1, 2011, to  
 2-13 tax goods-in-transit exempt under Subsection (b) and not exempt  
 2-14 under other law, a taxing unit may not tax such goods-in-transit in  
 2-15 a tax year that begins on or after January 1, 2012, unless the  
 2-16 governing body of the taxing unit takes action on or after September  
 2-17 1, 2011, in the manner required for official action by the governing  
 2-18 body, to provide for the taxation of the goods-in-transit. The  
 2-19 official action to tax the goods-in-transit must be taken before  
 2-20 January 1 of the first tax year in which the governing body proposes  
 2-21 to tax goods-in-transit. Before acting to tax the exempt property,  
 2-22 the governing body of the taxing unit must conduct a public hearing  
 2-23 as required by Section 1-n(d), Article VIII, Texas Constitution.  
 2-24 If the governing body of a taxing unit provides for the taxation of  
 2-25 the goods-in-transit as provided by this subsection, the exemption  
 2-26 prescribed by Subsection (b) does not apply to that unit. The  
 2-27 goods-in-transit remain subject to taxation by the taxing unit  
 2-28 until the governing body of the taxing unit, in the manner required  
 2-29 for official action, rescinds or repeals its previous action to tax  
 2-30 goods-in-transit or otherwise determines that the exemption  
 2-31 prescribed by Subsection (b) will apply to that taxing unit.

2-32 (j-2) Notwithstanding Subsection (j-1), if under Subsection  
 2-33 (j) the governing body of a taxing unit, before September 1, 2011,  
 2-34 took action to provide for the taxation of goods-in-transit and  
 2-35 pledged the taxes imposed on the goods-in-transit for the payment  
 2-36 of a debt of the taxing unit, the tax officials of the taxing unit  
 2-37 may continue to impose the taxes against the goods-in-transit until  
 2-38 the debt is discharged, if cessation of the imposition would impair  
 2-39 the obligation of the contract by which the debt was created.

2-40 SECTION 3. Subdivision (2), Subsection (a), Section 11.253,  
 2-41 Tax Code, as amended by this Act, applies only to an ad valorem tax  
 2-42 year that begins on or after January 1, 2012.

2-43 SECTION 4. (a) Except as provided by Subsection (b) of this  
 2-44 section, this Act takes effect January 1, 2012.

2-45 (b) Section 2 of this Act takes effect September 1, 2011.

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