

By: Harper-Brown

H.B. No. 3035

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the qualifications for the exemption from ad valorem
3 taxation for certain tangible personal property located in this
4 state for a limited time.

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

6 SECTION 1. Sections 11.251(e), (g), and (k), Tax Code, are
7 amended to read as follows:

8 (e) In determining the market value of freeport goods that
9 in the preceding year were assembled, manufactured, repaired,
10 maintained, processed, or fabricated in this state or used by the
11 person who acquired or imported the property in the repair or
12 maintenance of aircraft operated by a certificated air carrier, the
13 chief appraiser shall exclude the cost of equipment, machinery, or
14 materials that entered into and became component parts of the
15 freeport goods but were not themselves freeport goods or that were
16 not transported outside the state before the expiration of 730
17 [~~175~~] days after they were brought into this state by the property
18 owner or acquired by the property owner in this state. For
19 component parts held in bulk, the chief appraiser may use the
20 average length of time a component part was held in this state by
21 the property owner during the preceding year in determining whether
22 the component parts were transported out of this state before the
23 expiration of 730 [~~175~~] days.

24 (g) If the property owner or the chief appraiser

1 demonstrates that the method provided by Subsection (d)
2 significantly understates or overstates the market value of the
3 property qualified for an exemption under Subsection (b) in the
4 current year, the chief appraiser shall determine the market value
5 of the freeport goods to be exempt by determining, according to the
6 property owner's records and any other available information, the
7 market value of those freeport goods owned by the property owner on
8 January 1 of the current year, excluding the cost of equipment,
9 machinery, or materials that entered into and became component
10 parts of the freeport goods but were not themselves freeport goods
11 or that were not transported outside the state before the
12 expiration of 730 [~~175~~] days after they were brought into this state
13 by the property owner or acquired by the property owner in this
14 state.

15 (k) Property that meets the requirements of Article VIII,
16 Sections 1-j(a)(1) and (2), of the Texas Constitution and that is
17 transported outside of this state not later than 730 [~~175~~] days
18 after the date the person who owns it on January 1 acquired it or
19 imported it into this state is freeport goods regardless of whether
20 the person who owns it on January 1 is the person who transports it
21 outside of this state.

22 SECTION 2. Section 11.253(a)(2), Tax Code, is amended to
23 read as follows:

24 (2) "Goods-in-transit" means tangible personal
25 property that:

26 (A) is acquired in or imported into this state to
27 be forwarded to another location in this state or outside this

1 state;

2 (B) is stored under a contract of bailment by a
3 public warehouse operator at one or more public warehouse
4 facilities in this state that are not in any way owned or controlled
5 by the owner of the personal property for the account of the person
6 who acquired or imported the property;

7 (C) is transported to another location in this
8 state or outside this state not later than 730 [~~175~~] days after the
9 date the person acquired the property in or imported the property
10 into this state; and

11 (D) does not include oil, natural gas, petroleum
12 products, aircraft, dealer's motor vehicle inventory, dealer's
13 vessel and outboard motor inventory, dealer's heavy equipment
14 inventory, or retail manufactured housing inventory.

15 SECTION 3. Sections 11.253(e) and (g), Tax Code, are
16 amended to read as follows:

17 (e) In determining the market value of goods-in-transit
18 that in the preceding year were stored in this state, the chief
19 appraiser shall exclude the cost of equipment, machinery, or
20 materials that entered into and became component parts of the
21 goods-in-transit but were not themselves goods-in-transit or that
22 were not transported to another location in this state or outside
23 this state before the expiration of 730 [~~175~~] days after the date
24 they were brought into this state by the property owner or acquired
25 by the property owner in this state. For component parts held in
26 bulk, the chief appraiser may use the average length of time a
27 component part was held by the owner of the component parts during

1 the preceding year at a location in this state that was not owned by
2 or under the control of the owner of the component parts in
3 determining whether the component parts were transported to another
4 location in this state or outside this state before the expiration
5 of 730 [~~175~~] days.

6 (g) If the property owner or the chief appraiser
7 demonstrates that the method provided by Subsection (d)
8 significantly understates or overstates the market value of the
9 property qualified for an exemption under Subsection (b) in the
10 current year, the chief appraiser shall determine the market value
11 of the goods-in-transit to be exempt by determining, according to
12 the property owner's records and any other available information,
13 the market value of those goods-in-transit owned by the property
14 owner on January 1 of the current year, excluding the cost of
15 equipment, machinery, or materials that entered into and became
16 component parts of the goods-in-transit but were not themselves
17 goods-in-transit or that were not transported to another location
18 in this state or outside this state before the expiration of 730
19 [~~175~~] days after the date they were brought into this state by the
20 property owner or acquired by the property owner in this state.

21 SECTION 4. This Act applies only to a tax year beginning on
22 or after the effective date of this Act.

23 SECTION 5. This Act takes effect January 1, 2014, but only
24 if the constitutional amendment proposed by the 83rd Legislature,
25 Regular Session, 2013, to extend the number of days that certain
26 tangible personal property that is exempt from ad valorem taxation
27 due to its location in this state for a temporary period may be

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1 located in this state for purposes of qualifying for the tax
2 exemption is approved by the voters. If that amendment is not
3 approved by the voters, this Act has no effect.