

By: Bettencourt

S.B. No. 1422

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the number of days that certain tangible personal
3 property that is exempt from ad valorem taxation due to its location
4 in this state for a temporary period may be located in this state
5 for the purpose of qualifying for the tax exemption.

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

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

9 (e) In determining the market value of freeport goods that
10 in the preceding year were assembled, manufactured, repaired,
11 maintained, processed, or fabricated in this state or used by the
12 person who acquired or imported the property in the repair or
13 maintenance of aircraft operated by a certificated air carrier, the
14 chief appraiser shall exclude the cost of equipment, machinery, or
15 materials that entered into and became component parts of the
16 freeport goods but were not themselves freeport goods or that were
17 not transported outside the state before the expiration of 365
18 [~~175~~] days, or, if applicable, the greater number of days adopted by
19 the taxing unit as authorized by Subsection (1), after they were
20 brought into this state by the property owner or acquired by the
21 property owner in this state. For component parts held in bulk, the
22 chief appraiser may use the average length of time a component part
23 was held in this state by the property owner during the preceding
24 year in determining whether the component parts were transported

1 out of this state before the expiration of 365 [~~175~~] days or, if
2 applicable, the greater number of days adopted by the taxing unit as
3 authorized by Subsection (1).

4 (g) If the property owner or the chief appraiser
5 demonstrates that the method provided by Subsection (d)
6 significantly understates or overstates the market value of the
7 property qualified for an exemption under Subsection (b) in the
8 current year, the chief appraiser shall determine the market value
9 of the freeport goods to be exempt by determining, according to the
10 property owner's records and any other available information, the
11 market value of those freeport goods owned by the property owner on
12 January 1 of the current year, excluding the cost of equipment,
13 machinery, or materials that entered into and became component
14 parts of the freeport goods but were not themselves freeport goods
15 or that were not transported outside the state before the
16 expiration of 365 [~~175~~] days, or, if applicable, the greater number
17 of days adopted by the taxing unit as authorized by Subsection (1),
18 after they were brought into this state by the property owner or
19 acquired by the property owner in this state.

20 (k) Property that meets the requirements of Article VIII,
21 Sections 1-j(a)(1) and (2), of the Texas Constitution and that is
22 transported outside of this state not later than 365 [~~175~~] days, or,
23 if applicable, the greater number of days adopted by the taxing unit
24 as authorized by Subsection (1), after the date the person who owns
25 it on January 1 acquired it or imported it into this state is
26 freeport goods regardless of whether the person who owns it on
27 January 1 is the person who transports it outside of this state.

1 SECTION 2. This Act applies only to a tax year beginning on
2 or after the effective date of this Act.

3 SECTION 3. This Act takes effect January 1, 2022, but only
4 if the constitutional amendment proposed by the 87th Legislature,
5 Regular Session, 2021, to extend the number of days that certain
6 tangible personal property that is exempt from ad valorem taxation
7 due to its location in this state for a temporary period may be
8 located in this state for the purpose of qualifying for the tax
9 exemption is approved by the voters. If that amendment is not
10 approved by the voters, this Act has no effect.