

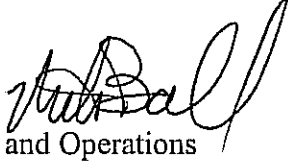


# College Station Independent School District

Success....each life....each day....each hour

## MEMORANDUM

To: Dr. Eddie Coulson, Superintendent

From: Mike Ball, Deputy Superintendent for Business and Operations 

Date: November 16, 2007

Subject: Resolution Related to Texas Property Tax Code Section 11.253 and the taxation of tangible personal property in transit

Agenda Item: K-2

Board Priority/  
District Goal: Priority 3, Goal 4

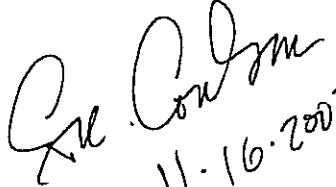
## BACKGROUND

The 80<sup>th</sup> Texas Legislature adopted House Bill 621 which added Section 11.253 to the Texas Property Tax Code. This new statute provides the option for local taxing jurisdictions to either levy a tax or provide an exemption from taxation for certain tangible personal property in transit.

A review of the 2007 property tax roll indicates that College Station ISD has approximately \$383,958,479 in taxable personal property. That amount includes \$117,260,455 in inventory of some type. Much of this would not be subject to the HB 621 exemption.

In order to qualify for the exemption the goods must be stored at a facility that is not owned or controlled by the owner of the goods for no longer than 175 days. There is currently some debate as to what "controlled" may mean. Some contend that a lease implies control & certainly it does at least to a large extent. Others have used the term public warehouse in relation to this issue. Goods that are at a location for a manufacturing type activity would fall under this exemption as long as the manufacturer does not take ownership of the goods and they are converted and removed within the 175 day window.

There is uncertainty at this point as to how the exemption, if granted, would be treated for state public school funding purposes. Therefore, it would appear that granting the exemption would not be in the best interest of the District at this point in time.

  
11.16.2007

## **RECOMMENDATION**

It is recommended that the Board of Trustees of College Station Independent School District consider approval of the attached Resolution that would provide for continued taxation of property described in House Bill 621.