



## **CITY COUNCIL COMMUNICATION**

October 11, 2011

**SUBJECT:** Public Hearing and Consideration of Taxation of Tangible Personal Property In Transit

**SUBMITTED BY:** Vicki Rodriguez, Finance Director

**REFERENCE NO:** Ordinance No. 1930

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### **ACTION REQUESTED:**

Hold Public Hearing and Consider First and Final Reading of Ordinance No. 1930 amending Chapter 78, Article 1, Section 78-2 of the Code of Ordinances entitled "Taxation of Tangible Personal Property In Transit"; providing for the ad valorem taxation of Tangible Personal Property in Transit, pursuant to Section 11.253 of the Texas Tax Code.

### **ALTERNATIVES:**

- Modify request
- Table request
- Deny request

### **SUMMARY OF SUBJECT:**

The 82<sup>nd</sup> Legislature enacted Senate Bill 1, amending Section 11.253 of the Texas Tax Code and through that amendment, has narrowed the definition of "goods-in-transit". The amendment is effective October 1, 2011, and it applies to tax years 2012 and subsequent. The exemption now authorized relates only to those goods being stored.

Senate Bill 1, under subsection (j-1) of Section 11.253, also requires that if a taxing unit wishes to tax the newly defined goods-in-transit, then it must take affirmative action to do so, even if the taxing unit previously acted under House Bill 621 in 2007. The governing body may elect to tax goods-in-transit, but only after holding a public hearing. The governing body must act no sooner than October 1, 2011, and no later than December 31, 2011. Subject property will automatically become exempt from taxation unless official action is taken by December 31, 2011, to continue to tax such tangible personal property.

**FINANCIAL CONSIDERATIONS:**

Revenue Sources:

Expenditure Accounts:

Budgeted Fiscal Year(s):           2011-2012

Estimated Expenditure:

Over/Under Projection By:

Other Comments:

**SUPPORTING DOCUMENTS:**

- Ordinance No. 1930

**APPROVED BY:**

\_\_\_\_\_ **LG** \_\_\_\_\_

City Manager's Office

\_\_\_\_\_ **KS** \_\_\_\_\_

City Secretary's Office