

**AN ORDINANCE OF THE CITY OF SEGUIN TO TAX TANGIBLE PERSONAL
PROPERTY IN TRANSIT WHICH WOULD OTHERWISE BE EXEMPT
PURSUANT TO TEXAS TAX CODE SECTION 11.253**

WHEREAS, the 80th Texas Legislature in its Regular Session enacted House Bill 621 to take effect on January 1, 2008, which added Texas Tax Code Section 11.253 to exempt from taxation certain tangible personal property held temporarily at a location in this state for assembling, storing, manufacturing, processing or fabricating purposes (goods-in-transit) which property has been subject to taxation in the past; and

WHEREAS, Texas Tax Code 11.253(j) as amended allows the governing body of a taxing unit, after conducting a public hearing, to provide for the continued taxation of such goods-in-transit; and

WHEREAS, the City Council of the City of Seguin, having conducted a public hearing as required by Section 1-n (d), Article VIII, Texas Constitution, is of the opinion that it is in the best interests of the City to continue to tax such goods-in-transit;

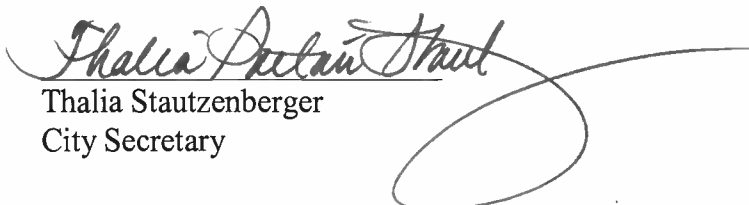
NOW, THEREFORE BE IN ORDAINED BY THE CITY COUNCIL OF THE CITY OF SEGUIN, that the goods-in-transit, as defined by Texas Tax Code 11.253(a)(2), as amended by House Bill 621, enacted by the 80th Texas Legislature in its Regular Session, shall remain subject to taxation by the City of Seguin, Texas.

Passed and approved on first reading this the 16th day of October, 2007.

Passed and approved on second reading this 6th day of November, 2007.


MAYOR BETTY ANN MATTHIES

ATTEST:


Thalia Stautzenberger
City Secretary

#7C

-Memorandum-

City of Seguin

Finance Department

P. O. Box 591, Seguin, Texas 78156-0591

Phone (830) 401-2450 Fax (830) 401-2499

Date: October 9, 2007

To: Mayor and City Councilmembers
Douglas Faseler, City Manager

From: Susan Caddell *Susan Caddell*
Director of Finance

Subject: Tangible Property Tax Exemption

During the 80th Texas Legislature, House Bill 621 was approved to take effect on January 1, 2008. This bill allows the exemption from taxation certain tangible personal property held temporarily at a location in this state for assembling, storing, manufacturing, processing or fabricating purposes (goods-in-transit). These goods have been subject to taxation in the past. The exemption would apply only to goods that are owned by someone other than the owner of the warehouse where the goods are temporarily stored. Due to the fact Seguin is a large industrial city, this exemption could have a large fiscal impact to us. Though it is hard to put an exact estimate of the fiscal impact, Chief Appraiser Jamie Osborne says the impact could be as much as \$160,000.

This exemption automatically applies to a city unless the city conducts a public hearing and approves an ordinance allowing the city to "opt-out" of the exemption. Both of these items must be done by December 31, 2007 in order for this provision to apply for tax year 2008. Staff will be conducting a public hearing on October 16 at the regular City Council meeting and asking City Council to approve the ordinance attached, which allows for the City to opt-out of the exemption. Once City Council approves this ordinance, it will be in effect continually unless City Council decides to rescind it.

I am recommending approval of the attached ordinance.

Please let me know if you have any further questions.