

CHAPTER 779

S.B. No. 1487

AN ACT

relating to the ad valorem taxation of cotton.

*Be it enacted by the Legislature of the State of Texas:*

SECTION 1. Section 11.251, Tax Code, is amended by adding Subsection (k) to read as follows:

*(k) Property that meets the requirements of Article VIII, Sections 1-j(a)(1) and (2), of the Texas Constitution and that is transported outside of this state not later than 175 days after*

*the date the person who owns it on January 1 acquired it or imported it into this state is freepport goods regardless of whether the person who owns it on January 1 is the person who transports it outside of this state.*

SECTION 2. Subsection (b), Section 11.43, Tax Code, is amended to read as follows:

(b) Except as provided by Subsection (c) *and Section 11.436 [of this section]*, a person required to apply for an exemption must apply each year *the person [he]* claims entitlement to the exemption.

SECTION 3. Subchapter C, Chapter 11, Tax Code, is amended by adding Section 11.436 to read as follows:

*Sec. 11.436. EXEMPTION FOR COTTON STORED IN WAREHOUSE. (a) A person who operates a warehouse used primarily for the storage of cotton for transportation outside of this state may apply for an exemption under Section 11.251 for cotton stored in the warehouse on behalf of all the owners of the cotton. An exemption granted under this section applies to all cotton stored in the warehouse that is eligible to be exempt under Section 11.251. Cotton that is stored in a warehouse covered by an exemption granted under this section and that is transported outside of this state is presumed to have been transported outside of this state within the time permitted by Article VIII, Section 1-j, of the Texas Constitution for cotton to qualify for an exemption under that section.*

*(b) An exemption granted under this section, once allowed, need not be claimed in subsequent years, and except as provided by Section 11.43(e), the exemption applies to cotton stored in the warehouse until the warehouse changes ownership or the cotton's qualification for the exemption changes. The chief appraiser may, however, require a person who operates a warehouse for which an exemption for cotton has been granted in a prior year to file a new application to confirm the cotton's current qualification for the exemption by delivering a written notice that a new application is required, accompanied by an appropriate application form, to the person.*

SECTION 4. Section 22.01, Tax Code, is amended by adding Subsection (e) to read as follows:

*(e) Notwithstanding Subsections (a) and (b), a person is not required to render for taxation cotton that:*

*(1) the person manages and controls as a fiduciary;*

*(2) is stored in a warehouse for which an exemption for cotton has been granted under Section 11.436; and*

*(3) the person intends to transport outside of the state within the time permitted by Article VIII, Section 1-j, of the Texas Constitution for cotton to qualify for an exemption under that section.*

SECTION 5. Section 22.04, Tax Code, is amended by adding Subsection (c) to read as follows:

*(c) This section does not apply to a warehouse for which an exemption for cotton has been granted under Section 11.436.*

SECTION 6. This Act takes effect January 1, 1994.

SECTION 7. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended.

Passed the Senate on May 17, 1993, by a viva-voce vote; passed the House on May 25, 1993, by a non-record vote.

Approved June 17, 1993.

Effective Jan. 1, 1994.