



BOARD OF SCHOOL TRUSTEES
KELLER INDEPENDENT SCHOOL DISTRICT

9B. Action

Date: November 12, 2007

SUBJECT: APPROVAL OF RESOLUTION TO PROVIDE FOR THE TAXATION OF GOODS-IN-TRANSIT

BOARD GOAL: All systems in the Keller Independent School District will be effective, efficient and accountable in support of the district’s mission.

FISCAL NOTE: Maintain Revenue Source of District Operations

Background Information:

1. House Bill (“HB”) 621, enacted in the 80th Legislature, is enabling legislation for a constitutional amendment passed in 2001 regarding goods-in-transit.
2. Currently the district has a freeport exemption for goods-in-transit that will leave the state from a manufacturing location to outside the district in 175 days.
3. Freeport exempt items can not also be goods-in-transit exempt.
4. The tax exemption is for goods temporarily held at one location in the state and transported to another location in the state within the 175-day period.
5. The location the goods are held in can not be owned by, or under the control of, the owner of the goods.
6. No action by the Board will allow the goods to be tax exempt effective January 1, 2008.
7. To opt out of this exemption by Tax Code § 11.253(b) the Board held a public hearing to hear comments, for or against, and pass a resolution that will levy and tax goods-in-transit.

Administrative Considerations:

1. The estimated value of the goods-in-transit by the Tarrant County Appraisal District that could be effected by this exemption would be \$35,694,859.
2. The potential loss for the 2007-2008 fiscal year would be \$484,522.
3. Opting out of Tax Code § 11.253(b) exemption will not affect our current freeport exemption.
4. Attached is a copy of the resolution to opt out of Tax Code §11.253(b) as allowed by law.

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The administration recommends the Board of Trustees approve the resolution to Provide for the Taxation of Goods-in-Transit that are exempt under Tax Code § 11.253(b).

Respectfully submitted,
Kent Morrison
Chief Financial Officer