

NOTICE OF SPECIAL MEETING OF THE
CALALLEN I.S.D.
BOARD OF EDUCATION

Date of Meeting: Monday, December 10, 2007
Time of Meeting: 6:15 PM
Place of Meeting: Central Administration Office, 4205 Wildcat Dr., Corpus
Christi, Texas

NOTICE IS HEREBY GIVEN PURSUANT TO THE TEXAS OPEN MEETINGS ACT CHAPTER 551 OF THE TEXAS GOVERNMENT CODE THAT THE ABOVE MEETING WILL BE COVERING THE FOLLOWING MATTERS.

AGENDA

1. Opening of Special Meeting by Chairman 2
2. New Business
A. Discuss House Bill 621, Texas Tax Code 11.253, Goods-In-Transit Resolution
Presenter: Mr. Morris 3
B. Hear public comment concerning House Bill 621
3. Adjourn

Arturo Almendarez, Ed.D.
Superintendent of Schools



Calling the Meeting to Order

I call this meeting of the Calallen Independent School District Board of Trustees to order and let the record show that a quorum of Board Members is present and that this meeting was duly called and posted in accordance with the Texas Open Meetings Act, Texas Government Code 551.

RESOLUTION NO. 1

A RESOLUTION OF THE Calallen I.S.D. 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 Regular Session has enacted House Bill 621 to take effect on January 1, 2008, which added Tex. Tax Code 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, Tex. 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 good-in-transit; and

WHEREAS, the Board of Trustees of the Calallen I.S.D., 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 district to continue to tax such goods-in-transit;

NOW THEREFORE, BE IT RESOLVED BY THE Board of Trustees FOR THE Calallen I.S.D. THAT: The goods-in-transit, as defined Tex. Tax Code 11.253 (a) (2), as amended by House Bill 621, enacted by the 80th Texas Legislature in Regular Session, shall remain subject to taxation by the Calallen I.S.D.

Dated this 10th day of December, 2007.

Board President

Attested:

Board Secretary

HB 621: EXEMPTION OF TANGIBLE PERSONAL PROPERTY IN TRANSIT

In the 2007 session, the Texas Legislature passed HB 621. This bill was the implementing legislation for a constitutional amendment that was passed several years ago. The bill is very similar to the Freeport exemption passed many years ago, but it has a potentially larger impact as time goes on. This letter is to inform you of your options to tax the goods subject to the new exemption and to provide you with the forms and procedure to tax these goods if you choose. Our firm takes no position on the policy question of whether or not to continue to tax the property that is subject to this new exemption. We simply believe that the governing body of each of our clients should have the tools to make an informed decision on behalf of the taxpayers they represent.

This new law passed without much scrutiny because it was a bracket bill that only affected one county in Texas until the closing days of the legislative session. Then an amendment made the exemption applicable statewide.

What is Exempted?

This bill exempts goods, principally inventory, that are stored in a location that is not owned by the owner of the goods and are transferred from that location to another location within 175 days. The goods may be in the location for the purposes of assembling, storing, manufacturing, processing, or fabricating purposes by the person who acquired or imported the property. Certain specific types of goods are presently excluded from this exemption: oil, natural gas, petroleum products, aircraft, dealer's motor vehicle inventory, dealer's vessel and outboard motor inventory, dealer's heavy equipment inventory, or retail manufactured housing inventory. Petroleum products are defined to be only the immediate derivatives of oil and natural gas, so some goods that you might think of as petroleum products may actually be exempted from taxation by this new law.

What is the Impact on Your Tax Base?

At present, this new law will probably have a limited impact because most goods are kept in facilities that are owned by the owners of the goods themselves. However, this may change rapidly. In order to take advantage of this new law, many property owners may seek to transfer ownership of either the goods or the facilities in which the goods are stored, manufactured, processed, etc. to legal entities with different ownership. These types of paper changes could make the property exempt.

What Can You Do?

The governing body of each taxing unit in the state may act to tax these goods in the year following the year in which the governing body takes action. These goods will first become exempt in 2008. So if you wish to continue to tax these types of goods in 2008, you must act to tax the goods before the end of 2007. You must inform all the appraisal districts in which your local government is located that you have acted to tax these goods. A copy of the resolution, order, or ordinance is the best way to document your decision to your appraisal district.

Before you act to tax these goods, you must hold a public hearing on the question of whether to tax them or whether to let them become exempt. The legislature has prescribed no special procedures for

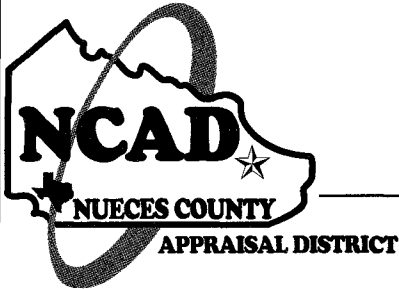
this hearing, so it may be held at a meeting of the governing body called for other purposes. The item must be listed on the agenda for that meeting as an action item in compliance with the Open Meetings Act, but there is no additional public notice required.

The legislature required that each taxing unit act in the manner required for official action by the governing body of the taxing unit. For counties, this means that action must be taken by an order of the commissioner's court. For cities, this means that action must be taken by an ordinance. For school districts and other taxing units, this means that action should be taken by resolution. A sample order, ordinance and resolution are at the end of this information.

Special Note for School Districts

The wealth lost to this exemption will be deducted from the taxable wealth of the school district as determined by the Comptroller for purposes of calculating state aid. Until the hold harmless provisions of House Bill 1 are removed, this will have little impact on the amount of state aid your school district receives. At present, the Comptroller's wealth estimate affects only the additional four cents that a school district may impose and the amount of certain types of facilities aid the district receives from the state (existing debt allotment and instructional facilities allotment). So as the law exists today, a school district will lose taxable wealth due to this exemption without an offsetting increase in state aid. Even if the legislature restores the Comptroller's finding of taxable wealth to its previous role in state aid to school districts, the effect of the additional state aid is not a dollar for dollar offset.

We hope that this information and the following forms will help you make an informed decision on behalf of the taxpayers that you represent.



201 N. Chaparral, Suite 206
 Corpus Christi, Texas 78401
 Telephone No. (361) 881-9978
 Fax No. (361) 887-6138

Erich
JMP

November 6, 2007

Dr. Arturo Almedarez, Superintendent
 CALALLEN I.S.D.
 Attn: Erich Morris
 4205 Wildcat Drive
 Corpus Christi, TX 78410

Dear Administrator:


Recently, the 80th Texas Legislature exempted certain goods-in-transit from ad valorem taxation. This action was accomplished by the passage of House Bill 621 (HB 621). Under the bill, taxing units have the option to continue to tax these goods. Taxing units that wish to continue to tax the goods exempted by HB 621 must hold a public hearing on the matter and by official action of its governing body designate the continuation of the tax on these goods.

The fact that this is a new exemption makes it difficult to estimate the fiscal impact on each taxing unit. This exemption is similar to the current Freeport exemption. If we use the value associated with the Freeport exemption as a beginning basis to estimate the impact of HB 621 the following estimates can be derived. For your information, listed below are the taxing units that could possibly be affected by HB 621 and an estimated of the potential value that could be lost if no action is taken the taxing unit.

<u>Taxing Unit</u>	<u>Potential Value Loss</u>
Nueces County	\$47,470,000
Nueces County Hospital District	\$47,470,000
Farm-to-Market	\$47,470,000
City of Corpus Christi	\$35,381,000
Del Mar College	\$35,381,000
Corpus Christi ISD	\$10,973,000
Tuloso-Midway ISD	\$ 4,058,000
West Oso ISD	\$20,348,000
Nueces County Emergency	
District #1	\$ 4,058,000
Robstown ISD	\$ 4,348,000
Nueces County Drainage	
District #2	\$ 4,348,000
City of Robstown	\$ 4,300,000
Bishop ISD	\$ 8,010,000

It may be possible that HB 621 may nonetheless affect units that do not currently have any Freeport value. This letter is for information purposes only. The Nueces County Appraisal District does not make any recommendation for or against the continued taxation of goods exempted by HB 621. Each individual taxing unit must determine the best course of action for their particular situation. If you have any questions on this matter feel free to contact Nick Horak, Information Systems Manager at 881-9978 or myself at the same telephone number.

Respectfully,

A handwritten signature in cursive script that reads "Ollie Grant".

Ollie Grant, RPA, CTA
Nueces County Appraisal District