

**BUSINESS FOR THE CITY COUNCIL
OF THE
CITY OF ANGLETON**

SUBJECT:

**DISCUSSION AND POSSIBLE ACTION ON ADOPTING AN ORDINANCE
2007-O-12A FOR THE CITY OF ANGLETON TO “OPT OUT” OF THE
STATE MANDATED “SUPER FREEPORT” TAX EXEMPTION**

REQUESTED BY: Patti Worfe

SUBMITTED BY: Patti Worfe

DATE SUBMITTED: Dec 11, 2007 FOR THE AGENDA OF: Dec 18, 2007

Expenditure Required: n/a

Available Funding: n/a

SUMMARY STATEMENT:

"Super Freeport" is a property tax exemption for goods that reside temporarily in warehouses within a city while awaiting shipment to other locations within or outside of Texas (as contrasted with the current-law freeport exemption, which covers only goods shipped outside of Texas). This exemption was approved by Texas voters in 2001 as an amendment to the Texas Constitution, but only this year did the Texas Legislature enact enabling legislation.

The super freeport exemption is best described as a local option property tax exemption of the "opt-out" variety. The exemption automatically applies to a city **unless** the city does each of the following two things *no later than December 31, 2007*: (1) holds a hearing at which members of the public are allowed to speak for or against the taxation of super freeport goods; and (2) adopts an ordinance stating it wishes to continue taxing super freeport goods for tax year 2008.

Recommendation: After reading several opinions on this exemption, I would recommend that the City of Angleton “opt-out” of this exemption and consider any companies that might qualify on a case by case basis through a 380 economic development agreement.

Please note that the city may opt back in for any future tax year.