
[Content Information]

City of Tomball adds another incentive for businesses

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At its meeting on December 5, 2011, the Tomball City Council opted to add the "Super Freeport" exemption to its toolbox for Economic Development. City staff discussed recent legislative changes to the state's property tax code to exempt certain types of Goods-In-Transit. The "Super Freeport" is a property tax exemption for goods that reside temporarily in public warehouses within a city while awaiting shipment to other locations within or outside of Texas. The Super Freeport was approved by Texas voters in 2001 as an amendment to the Texas Constitution, but only during 2007 did the Texas Legislature enact enabling legislation (HB621).

The Super Freeport Exemption is an effective economic development tool utilized to encourage business activity through a local property tax exemption for tangible personal property (equipment, machinery, inventory, materials, etc.) that is stored in Texas and transported in or out of the state within 175 days. The exemption applies only to goods that are stored in a public warehouse owned by someone other than the owner of the goods.

This exemption could mean significant savings for some companies that serve national or international markets. Tomball Economic Development Corporation Executive Director, Kelly Violette, stated "with the current estimated impact of the exemption being less than \$25.00 and the potential for new business development particularly as we begin developing the Business and Technology Park, it is my recommendation that Council consider allowing the exemption." Additionally, Violette added, "the potential revenue loss to the tangible personal property could actually be an offsetting gain as new buildings are constructed thereby adding value to the tax roll."

The Council held a public hearing on the matter and voted unanimously to allow the exemption.