

BILL ANALYSIS

Senate Research Center

H.B. 479
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Engrossed

DIGEST

Currently, Article VIII, Section 1, of the Texas Constitution provides that all real property and tangible personal property in the state is subject to ad valorem taxation. Under certain circumstances, this provision may conflict with the Commercial Clause of the United States Constitution, which prohibits states from placing an impermissible burden on interstate and foreign commerce. With respect to marine cargo containers used exclusively in international commerce, the U.S. Supreme Court held in *Japan Line Ltd., et al, v. County of Los Angeles et al*, 99 S. Ct. 1813 (1979), that a state may not levy an ad valorem tax on such containers in certain instances. H.B. 479 would conform Texas law to reflect the United States Supreme Court's decision in the *Japan Line Ltd.* case in order to eliminate potentially costly and unnecessary disputes between appraisal districts and taxpayers over property that is exempt from ad valorem taxation by federal constitutional law.

PURPOSE

As proposed, H.B. 479 outlines provisions regarding the exemption from ad valorem taxation of marine cargo containers used exclusively in international commerce.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 11B, Tax Code, by adding Section 11.25, as follows:

Sec. 11.25. MARINE CARGO CONTAINERS USED EXCLUSIVELY IN INTERNATIONAL COMMERCE. Sets forth instances in which a person is entitled to an exemption from taxation of a marine cargo container and the equipment related to the container that the person owns. Define "marine cargo container."

SECTION 2. Amends Section 11.43(a), Tax Code, to require a person claiming an exemption, other than an exemption authorized by Section 11.25, among other sections, to apply for the exemption.

SECTION 3. Effective date: September 1, 1997.

SECTION 4. Emergency clause.