

## **BILL ANALYSIS**

Senate Research Center

S.B. 901  
By: Ellis  
State Affairs  
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As Filed

### **DIGEST**

Currently, the Foreign Trade Zones Act provides for the establishment of foreign trade zones, in which business property may be exempt from local ad valorem taxation. The Act entitles each port of entry to at least one zone. Entities wishing to establish zones are required to apply for zone status. Once zone status is granted by the Foreign Trade Zone Board, the zone guarantee may sponsor other corporations applying for subzone status.

There is no formal requirement that the governing bodies of local taxing units, whose tax bases may be affected by zone or subzone grants, consider and decide whether to support or oppose the zone or subzone application. The only notice requirement of zone or subzone applications is publication in the Federal Register, giving notice of public hearings, and an opportunity for participation. As a result, a number of zones and subzones have been granted without the support or knowledge of affected local taxing units. S.B. 901 would require the eligible corporation or governmental entity, as a part of its application seeking the grant, to include resolutions of the governing bodies of all political subdivisions which tax property within the geographical area of the proposed foreign trading zone, either supporting or opposing the grant of the foreign trade zone or subzone. The failure to include such resolutions would be grounds for revocation of the eligibility of the corporation or governmental entity to operate and maintain a foreign trade zone or subzone.

### **PURPOSE**

As proposed, S.B. 901 outlines provisions regarding an entity's eligibility for foreign trade zone or subzone status.

### **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 Section 2, Article 1446.01, V.T.C.S., to provide that an eligible corporation or a governmental entity is authorized to submit an application, rather than apply for, and accept a grant to establish, operate, and maintain the foreign trade zone and subzones. Requires the application to include a resolution either supporting or opposing the application from the governing body of each political subdivision that has the authority to tax any of the real property located in the geographical area of the proposed foreign trade zone or subzone.

SECTION 2. Effective date: September 1, 1997.  
Makes application of this Act prospective.

SECTION 3. Emergency clause.