

## FREEPORT EXEMPTION



### Program Description:

The City of San Antonio, Bexar County and two local City independent school districts (Judson ISD and San Antonio ISD) allow personal property tax exemptions for companies that deal with goods-in-transit or inventories used in the manufacturing process.

A Constitutional Amendment adopted in 1989 by the State of Texas authorized a type of property tax exemption for items classified as “Freeport Property.” Freeport Property includes various types of goods that are detained in Texas for a short period of time (175 days or less). The exemption provides a business incentive that can be used to promote the growth and expansion of businesses, particularly those engaged in logistics and distribution.

- ❑ Freeport property, by definition, includes goods, wares, merchandise, and certain aircraft and aircraft parts.
- ❑ Freeport property does not include oil, natural gas, and other petroleum products.
- ❑ Freeport property qualifies for an exemption from *ad-valorem* taxation only if it has been detained in the state for 175 days or less for the purpose of assembly, storage, manufacturing, processing, or fabricating.
- ❑ To receive the exemption, eligible inventory must be transported to destinations outside of Texas no later than 175 days after the date acquired, or imported into Texas.
- ❑ Types of companies currently receiving Freeport tax exemptions include: automakers, computer manufacturing, beverage producers, warehousing and distribution facilities, and medical supply companies.

### Program Eligibility Criteria:

- ❑ Any company locating within Bexar County, which has goods in transit, is eligible for this incentive. The amount of the exemption increases or decreases depending on location.
- ❑ The goods must be in Texas only for a limited purpose, such as for storage or factory processing.
- ❑ Taxable inventories must be moved outside of the State of Texas within 175 days.

### Program’s Benefits:

- ❑ Exemption of up to 100% of personal property taxes on goods-in-transit, or inventories used in a manufacturing process and the inventory items are moved out of state within 175 days.

### How to Apply:

For additional information, see Freeport Exemption Guidelines [http://www.bcad.org/exemption\\_forms.htm](http://www.bcad.org/exemption_forms.htm) and [Application](#). For assistance, please contact the Bexar County Appraisal District, Personal Property Department, at (210) 242-2468.