

**CITY OF LAVON, TEXAS**

**ORDINANCE NO. 2019-09-01**

Freeport Goods Tax Exemption

**AN ORDINANCE OF THE CITY OF LAVON, TEXAS, ADOPTING AN EXEMPTION FROM AD VALOREM TAXATION OF FREEPORT GOODS THAT ARE USED IN ASSEMBLY, STORAGE, MANUFACTURING OR FABRICATION, AS AUTHORIZED BY ARTICLE 8, SECTION 1-J OF THE TEXAS CONSTITUTION AND TEXAS TAX CODE, SECTION 11.251(L); PROVIDING FOR SEVERABILITY, SAVINGS AND REPEALING CLAUSES; AND PROVIDING FOR AN EFFECTIVE DATE OF THE ORDINANCE.**

**WHEREAS**, as authorized by Article 8, Section 1-j of the Texas Constitution, the City of Lavon, Texas (the “City”) may adopt an exemption from ad valorem taxation on certain tangible personal property that is commonly referred to as “Freeport Goods” (a “Freeport Exemption”); and

**WHEREAS**, “Freeport Goods” includes various types of goods, wares, merchandise and other tangible personal property that are located or detained in the State of Texas for 175 days or less and then transported outside the State, as more specifically defined in Article 8, Section 1-j of the Texas Constitution (“Freeport Goods”); and

**WHEREAS**, at a meeting held on June 10, 2019, the Lavon Economic Development Corporation (LEDC) Board of Directors discussed the Freeport Goods tax exemption and indicated a desire to ask the City Council to exempt freeport goods from ad valorem taxes that would in turn serve as an economic development tool used to attract potential development; and

**WHEREAS**, in order to adopt a Freeport Exemption on Freeport Goods that are authorized by Article 8, Section 1-j of the Texas Constitution and Section 11.251(l) of the Texas Tax Code, the City Council of Lavon, Texas (the “City”) must affirmatively take official action to do so; and

**WHEREAS**, the City Council believes that adoption of a Freeport Exemption to provide a property tax exemption on inventory that is detained in Texas for 175 days or less, and to qualify, the goods must be in Texas for certain purposes such as assembly, storage, manufacturing or fabrication, will lead to increased economic development activity associated with expanding or relocating assembly, storage, manufacturing or fabrication-related businesses and a net positive impact to the local tax base and economy; and

**WHEREAS**, once effective, this adopted Freeport Exemption on Freeport Goods that will apply to the 2019 tax year and each subsequent tax year thereafter.

**NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LAVON, TEXAS:**

**SECTION 1. RECITALS:**

The City Council hereby finds that the statements set forth in the recitals of this Ordinance are true and correct, and the City Council hereby incorporates such recitals as part of this Ordinance.

**SECTION 2. ADOPTION OF FREEPORT EXEMPTION:**

That, in accordance with and as permitted by Article 8, Section 1-j of the Texas Constitution and Section 11.251(l) of the Texas Tax Code, the City Council hereby adopts a Freeport Exemption to provide a property tax exemption on inventory that is detained in Texas for 175 days or less, and to qualify, the goods must be in Texas for certain purposes such as assembly, storage, manufacturing or fabrication.

**SECTION 3. SAVINGS/REPEALING CLAUSE:**

All provisions of any ordinance in conflict with this Ordinance are hereby repealed to the extent they are in conflict; but such repeal shall not abate any pending prosecution for violation of the repealed ordinance, nor shall the repeal prevent a prosecution from being commenced for any violation if occurring prior to the repeal of the ordinance. Any remaining portions of said ordinances shall remain in full force and effect.

**SECTION 4. SEVERABILITY:**

Should any section, subsection, sentence, clause or phrase of this Ordinance be declared unconstitutional or invalid by a court of competent jurisdiction, it is expressly provided that any and all remaining portions of this Ordinance shall remain in full force and effect. Lavon hereby declares that it would have passed this Ordinance, and each section, subsection, sentence, clause or phrase thereof irrespective of the fact that any one or more sections, subsections, sentences clauses and phrases be declared unconstitutional or invalid.

**SECTION 5. EFFECTIVE DATE:**


This Ordinance shall become effective immediately upon its adoption and its publication as required by law.

**SECTION 6. OPEN MEETINGS:**


That it is hereby found and determined that the meeting at which this Ordinance was passed was open to the public as required by law, and that public notice of the time,

place, and purpose of said meeting was given, all as required by Article 551.041, Texas Government Code.

**PASSED AND APPROVED** by the City Council of the City of Lavon, Texas this 3<sup>rd</sup> day of September 2019.

  
Vicki Sanson, Mayor

ATTEST:

  
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Kim Dobbs  
City Administrator/ City Secretary

