

SUBJECT: Exempting fishing boats from property taxes

COMMITTEE: Ways and Means — committee substitute recommended

VOTE: 7 ayes — Craddick, Finnell, Holzheuser, Horn, Marchant, Place, Romo

1 nay — Wolens

3 absent — Heflin, T. Hunter, Marchant

WITNESSES: (*On original version*)

For — Pete V. Aparicio; Craig Wallis; Wilma Anderson; Muriel Tipps; Julius Collins, Brownsville-Port Isabel Shrimp Producers Association.; Jim Sagnes, for Everett "Red" Sagnes; Terry Ricks; Jannet Bardwell; Sandra Schweizer.

Against — J.M. Attaway, Jr.; Kathryn Vermillion, Aransas Pass ISD and City of Aransas Pass; Frank Battle; George H. Moff

DIGEST: CSHJR 31 proposes a constitutional amendment authorizing the governing body of a political subdivision to exempt from ad valorem taxation (property taxes) boats and other equipment used in the commercial taking of fish, shrimp, shellfish and other marine life.

The proposal would be presented to the voters at an election on November 7, 1995. The ballot proposal would read: "The constitutional amendment authorizing the governing body of a political subdivision to exempt from ad valorem taxation boats and other equipment used primarily in the commercial taking of fish, shrimp, shellfish, and other marine life."

SUPPORTERS SAY: The tax exemption proposed by this amendment would affect mostly small family-owned or family-operated commercial fishing operations with a boat less than 100 feet long. The implementing legislation for the bill, HB 399 by Uher, specifies this size of boat. People in the fishing industry harvest food and are stewards of the sea — they should get the same sort of tax breaks that the state gives farmers and ranchers on the implements of their vocation and the land they use.

Fishing is an inconsistent, unpredictable business and the ad valorem taxes imposed on a boats and related equipment can cause a burden on the operation of these families' small businesses.

The proposed amendment would merely allow local taxing authorities to provide the exemption; it would not require them to do so. If taxing entities felt the need to continue to tax such property, they could do so.

The proposal would have no financial impact on school finance, according to the fiscal note on the implementing legislation, and would not cause a reduction in the school district taxable values reported to the comptroller. The exemption, even if widely adopted by taxing authorities, would have minuscule impact on government finances. The proposal would leave local taxing agencies in control of their finances.

OPPONENTS  
SAY:

Too many exemptions from ad valorem taxation have been granted, and the tax base is being eroded to the point that government services can no longer be maintained. Every special interest group wants an exemption from property and sales taxes for materials used in a trade or business, and each new exception makes it harder to say no the next time.

People who fish for a living are no different than many other hard-working individuals and do not deserve to be subsidized by the rest of the property owners. They should pay their fair share of taxes, just like everybody else.

NOTES:

The committee substitute made the exemption optional for local taxing authorities.

Also on today's calendar is CSHB 399, the implementing legislation for the amendment. The bill would authorize the governing body of each political subdivision to grant an ad valorem taxation exemption for commercial fishing boats up to 100 feet long and other fishing related equipment.