

- SUBJECT:** Exempting deposits in the Texas Bullion Depository from property taxes
- COMMITTEE:** Ways and Means — favorable, without amendment
- VOTE:** 9 ayes — D. Bonnen, Y. Davis, Darby, Murphy, Murr, Raymond, Shine, Springer, Stephenson
- 0 nays
- 2 absent — Bohac, E. Johnson
- WITNESSES:** For — (*Registered, but did not testify:* Adam Cahn, Cahnman's Musings)
- Against — (*Registered, but did not testify:* Tom Tagliabue, City of Corpus Christi; Dana Blanton)
- On — (*Registered, but did not testify:* Serena Kuvet and Tom Smelker, Comptroller of Public Accounts)
- BACKGROUND:** HB 483 by Capriglione, enacted in 2015, created the Texas Bullion Depository as an agency in the comptroller's office. The depository, to be managed by a private entity contracting with the comptroller, was established to accept deposits of precious metals from individuals and entities to be held until transferred or withdrawn, in exchange for a fee charged for the depository's services.
- DIGEST:** HB 239 would exempt from property taxation deposits of precious metals stored in the Texas Bullion Depository, regardless of whether the precious metal was held or used to produce income. Governing bodies of taxing units could not impose taxes on the metal.
- For purposes of the tax exemption, the bill would define "precious metal" to mean a metal, including gold, silver, platinum, palladium, and rhodium, that bears a high value-to-weight ratio relative to common industrial metals and customarily is formed into bullion or specie (i.e., coins).

The bill would take effect January 1, 2018, contingent on voter approval of the constitutional amendment proposed by HJR 38 by Capriglione, authorizing the Legislature to exempt from taxes the precious metals in the depository.

**SUPPORTERS  
SAY:**

HB 239 would implement the authority that would be established by voter approval of HJR 38 by Capriglione for the Legislature to exempt deposits in the Texas Bullion Depository from property taxes. The depository was established by the Legislature in 2015, and this summer the comptroller announced that a private vendor had been chosen to build and operate the facility. Under current law, a deposit in the facility could be subject to property taxation by a locality as the precious metals are considered tangible personal property under the Tax Code.

Creating a property tax exemption for these deposits would benefit Texas by attracting more deposits to the bullion depository, which in turn would generate revenue for the state. With the recent identification of a company to build and operate the depository, the project is on its way to commercial viability, and HB 239 would help support this effort. Exempting deposits from property taxes would not take away funds from local taxing entities or reduce their tax bases because the deposits are not currently in the state and might not come to Texas without the exemption.

**OPPONENTS  
SAY:**

Texas should not create yet another property tax exemption for a special interest group. HB 239 would specifically assist a narrow set of investors while offering limited benefit for the average Texan and chipping away at the tax bases on which local governmental entities depend.

**NOTES:**

According to the Legislative Budget Board's fiscal note, HB 239 would result in an indeterminate loss of local property tax revenue, depending on the value of precious metals held in the depository.