

**Bexar Appraisal District**

P.O. BOX 839946  
 SAN ANTONIO, TX 78283-3946  
 PHONE (210) 242-2468  
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**Application for Exemption of Goods Exported from Texas  
 ("Freeport Exemption")**

**INSTRUCTIONS:** This application applies to items in your inventory on January 1 (or September 1 of last year, if applicable) that (1) are or will be forwarded out of Texas within 175 days of the date you acquired them or brought them into Texas; and (2) are in Texas for assembling, storing, manufacturing, repair, maintenance, processing, or fabricating purposes. The exemption does not apply to oil, to natural gas, or to liquids or gases that are immediate derivatives of refining oil or natural gas. The amount of the goods in Freeport Exemption for this year is normally based on the percentage of your inventory made up of such goods last year.

**A complete form must be filed annually between January 1 and no later than April 30 of the current tax year. If a late application is filed and is approved, the property owner will be liable for a penalty equal to 10% of the tax savings resulting from the Freeport exemption. Please attach any additional documents requested by the Appraisal District.**

The Chief Appraiser's Guidelines for the 2010 Freeport Exemption Application are provided with this application. It explains the Freeport Exemption process; it provides guidance on properly completing the application; and it requests the documentation required by the Chief Appraiser to validate and approve your exemption.

**THE APPLICATION ENTRIES REQUIRED BY LAW ARE MARKED BY AN ASTERISK (\*). THE REMAINING ENTRIES ARE REQUESTED BY THE CHIEF APPRAISER, AS AUTHORIZED BY THE LAW AND AS ADDRESSED IN THE ENCLOSED CHIEF APPRAISER'S GUIDELINES.**

|   |   |  |  |
|---|---|--|--|
| <b>Step 1:<br/>Owner's<br/>Name<br/>and<br/>Address</b>                           | *Owner / Corporate Officer Name   |  | *Account Number  |
|   | *Mailing Address  |  | Tax Payer ID Number                                      |
|   | *City, State, Zip Code  |  | *Phone (area code and number)                            |
|   | * Name of person preparing the application  | ** Driver's License, Personal I.D. Certificate, or Social Security Number: | * Title  |
| <b>Step 2:<br/>Describe<br/>the<br/>Property</b>                                  | * Location of Inventory (street address, city, state, zip code)   |  |  |
|   | * Give general description of the types of items in this Inventory. (Use additional sheets if necessary.)   |  |  |
|   |   |  |  |
| <b>Step 3:<br/>Answer<br/>These<br/>Questions<br/>About<br/>Your<br/>Property</b> | For the purposes of this application, "inventory" means your inventory of finished goods, supplies, parts, raw materials, and work in process.        |  |  |
|   | * Will portions of this inventory be transported out of this state this year? . . . .   |  | <input type="checkbox"/> YES <input type="checkbox"/> NO |
|   | * Have you applied for appraisal of your inventory on September 1? . . . . .  |  | <input type="checkbox"/> YES <input type="checkbox"/> NO |
|   | * Were portions of your inventory transported out of this state throughout last year? . . . . .   |  | <input type="checkbox"/> YES <input type="checkbox"/> NO |
|   | * If not, list the months during which portions of your inventory were transported out of the state last year. _____                                  |  |  |
|   | * Will the percentage of goods transported out of Texas this year be significantly different than the percentage transported out last year? . . . . . |  | <input type="checkbox"/> YES <input type="checkbox"/> NO |
| * If yes, why? _____  |   |  |  |
| _____   |   |  |  |
| _____   |   |  |  |

**Step 4:  
Calculate  
The  
Exemption**

**A. INVENTORY TURNOVER TEST**

- \* 1. Total Cost of Goods sold from Inventory for the year ended December 31, 2009
- 2. Average Inventory (1-1-2009 Inv plus 12-31-2009 Inv divided by 2) . . . . .
- 3. Inventory Turnover Factor (A1 divided by A2) . . . . .
- 4. Inventory Turnover in days (365 divided by A3) . . . . .

NOTE: If turnover in days exceeds 175 days, the Inventory as whole does not qualify for Freeport and you must document what part of the Inventory was shipped out of Texas within 175 days from the date acquired.

**B. FREEPORT PERCENTAGE**

- 5. Total Sales from Inventory for year ended December 31, 2009 . . . . .
- \* 6. Total Cost of Goods Sold from Inventory for year ended December 31, 2009
- \* 7. LESS: Cost of Goods Sold from Inventory **not eligible** for Freeport because:
  - a. Slow Moving – Held more than 175 days . . .
  - b. Shipped to Texas destinations . . . . .
  - c. Total B7a plus B7b . . . . .
- \* 8. Cost of Goods Sold from Inventory eligible for Freeport – (B6 minus B7c) ....
- \* 9. Percentage of last year's Inventory represented by Freeport Goods (B8 divided by B6) . . . . .

NOTE: Attach a breakdown Summary of total Sales from Inventory, Cost of Goods Sold from Inventory, and Intracompany Transfers of Inventory by state and foreign country.

**C. INVENTORY ELIGIBLE FOR FREEPORT**

- \* 10. Cost of Inventory on January 1, 2010, (September 1, 2009) . . . . .
- 11. Adjustment for write downs, etc, - **Attach documentation that explains.** . . .
- 12. Adjusted Cost of Inventory (C10 minus C11)  
If LIFO, the LIFO Reserve must be included in cost . . . . .

**D. FREEPORT EXEMPTION AND NONEXEMPT CALCULATIONS**

- \* 13. FREEPORT EXEMPTION CLAIMED (C12 above times B9 above) . . . . .
- 14. NOT EXEMPT (C12 above minus D13) . . . . .

\*E. On what types of records do you base the amounts given above? (Check as many as apply.)  
Attach copies that clearly verify the above entries.

- |   |   |
|---|---|
| <input type="checkbox"/> Audited Financial Statements | <input type="checkbox"/> Sales Records          |
| <input type="checkbox"/> Internal Reports             | <input type="checkbox"/> Bills of Lading        |
| <input type="checkbox"/> Texas Franchise Tax Reports  | <input type="checkbox"/> Other (describe) _____ |

**Step 5:  
Read the  
Notes  
And  
Sign the  
Form**

**\*NOTE:** The Chief Appraiser may require supporting documents and records with this application. If required, the records must be supplied within 30 days of the date of the written request. Failure to deliver the documentation required within the 30 days or by the date appraisal records are approved for the year, will forfeit the right to receive the exemption. Approval usually occurs in JULY. If the documentation is delivered before the appraisal review board approves appraisal records for the year but not within the 30 days and the exemption is allowed, a penalty equal to 10% of the tax savings resulting from the exemption must be paid. **The Chief Appraiser requests that source documentation for the above application entries be submitted with this application. This serves as written request as required by the above note.**

\* I certify that the information in this document and all attachments is true and correct to the best of my knowledge and belief.

|                   |               |              |
|-------------------|---------------|--------------|
| <b>*Sign Here</b> | <b>*Title</b> | <b>*Date</b> |
|-------------------|---------------|--------------|

**If you make a false statement on this application, you could be found guilty of a Class A misdemeanor or a state jail felony under Texas Penal Code Section 37.10.**

**\*\*** You are required to give us this information on this form in order to perform tax related functions for this office. Section 11.43 of the Tax Code authorizes this office to request this information to determine tax compliance. The chief appraiser is required to keep the information confidential and not open to public inspection, except to appraisal office employees who appraise property and as authorized by Section 11.48(b), Tax Code.