



UNIVERSITY OF HOUSTON SYSTEM  
UNIVERSITY OF HOUSTON

Tax Director

**MEMORANDUM**

To : Whom It May Concern

From : Keith Gernold

Subject : Personal Property Tax Exemption

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The University of Houston System (the "University") and its components were formed pursuant to Texas Statute to achieve recognized public purposes. Its revenue and assets may inure only to the benefit of the public. It possesses the sovereign power of eminent domain and sovereign police powers. Thus, the University is considered to be a political subdivision of the State.

As provided in the "Exemptions" Subchapter B of the Texas Property Tax Code, section 11.11(a) asserts that "public property" is "property owned by this state or a political subdivision of this state is exempt from taxation if the property is used for public purposes." Thereby, the University is exempt from personal property tax.

In addition, the same code section further provides that:

Tangible personal property is owned by this state or a political subdivision of this state if it is subject to a lease-purchase agreement providing that the state or political subdivision, as applicable, is entitled to compel delivery of the legal title to the property to the state or political subdivision, as applicable, at the end of the lease term. The property ceases to be owned by the state or political subdivision, as applicable, if, not later than the 30<sup>th</sup> day after the date the lease terminates, the state or political subdivision, as applicable, does not exercise its right to acquire legal title to the property (section 11.11(h)).