

MEMORANDUM

To: Whom It May Concern

Subject: Personal Property Tax Exemption

The University of Houston-Clear Lake (the "University"), a component of the University of Houston System, was created under Texas statute to serve recognized public purposes. As a public institution, its revenue and assets may be used only for the benefit of the public, and it possesses sovereign powers that classify it as a political subdivision of the State of Texas.

Under Subchapter B, Exemptions, of the Texas Property Tax Code, Section 11.11(a), public property owned by the state or a political subdivision of the state is exempt from taxation when used for public purposes. Therefore, property owned by the University and used for university purposes is exempt from personal property tax.

Section 11.11(h) states that,

“For purposes of this section, 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 30th 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”.