

## Freeport Tax Exemption

### ***What is Freeport Tax Exemption?***

The governing authority of any county or municipality may elect, with the approval of the voters, to exempt certain goods typically stored in distribution warehouses from payment of personal property tax. In November of 2005 electors of the City of Union City approved a referendum to allow 100% of certain tangible personal property be exempt from ad valorem property tax. The Freeport tax exemption was to be granted on January 1, 2006.

### ***What types of tangible property are eligible under the Freeport?***

Personal property eligible for the Freeport exemption falls into one of the three following categories:

- a. Raw materials, goods in process
- b. Finished goods of Georgia manufacturer (held for less than 12 months)
- c. Finished goods destined for out of state shipment (for wholesale or distribution businesses)

Inventory of goods in the process of being manufactured or produced including raw materials and partly finished goods.

*Example - sheet metal before it is formed into an auto part*

Inventory of finished goods manufactured or produced within this State held by the manufacturer or producer for a period not to exceed 12 months.

*Example – once the auto part is manufactured in Georgia it can stay in state exempt from taxes for 12 months*

Inventory of finished goods on January 1 that are stored in a warehouse, dock or wharf which are destined for shipment outside this State for a period not to exceed 12 months.

*Example – If an auto part is manufactured in Tennessee and is shipped into a distribution center in Georgia where it is being stored on January 1. It can stay in Georgia tax free if it is being distributed to a store in Florida within the next 12 months.*