

Property:

Texas: Silo Systems Used in Fracking Qualify for Favorable Heaving Equipment Classification

Case No. 11-22-00206-CV, Tex. Ct. App. (4/18/24). In an ad valorem tax case involving “an issue of first impression,” the Texas Eleventh Court of Appeals (Court) reversed a lower court to hold that a fleet of mobile sand silo systems used to deliver sand at hydraulic fracturing (“fracking”) sites qualifies for favorable Texas “Dealer’s Heavy Equipment Inventory” (DHEI) appraisal for the tax years 2020 and 2021 at issue. In doing so, the Court explained that “there is no statutory impediment preventing the silo system from reasonably being classified based on its component parts for transportation functions and as an integrated system for operational functions,” and Texas’ taxation scheme “does not forbid the trailers that are used to haul and support the silo system equipment from being taxed as motor vehicles and the remaining silo system equipment from qualifying as heavy equipment.” Please contact us with any questions.

URL: <https://search.txcourts.gov/SearchMedia.aspx?MediaVersionID=b8d78e16-e5cc-4ca4-a3a2-e66a8793bd7a&coa=coa11&DT=Opinion&MediaID=775bd5da-1040-464c-af29-a0b826f2ac85>

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