

One week ago, the Houston Chronicle printed a story stating that state lawmakers were considering amending or abolishing the ad valorem tax exemption on green coffee stored in Houston. This brought to public light an issue that the Greater Houston Coffee Association has already been working on for several months in order to ensure that our elected officials understand the negative economic repercussions which would occur if this exemption was removed. Unfortunately, within days of the article's publication, the mere mention of a potential tax started grinding down coffee movements to Houston.

The Chronicle article underplayed one key issue: If the legislature removes the ad valorem tax, Houston will no longer be allowed to operate as an "exchange port" under the InterContinental Exchange, causing the coffee storage business to leave Texas and move to alternative exchange ports in New Orleans, Miami or New York where the green coffee tax does not exist. Put simply, without the exemption, there will be no inventory left to tax!

Why is the coffee industry concerned? Business works on predictability. The moment you mention that Houston may no longer be a certified exchange port, coffee traders begin to take defensive positions, curtailing their risk by no longer delivering coffee for storage under long term contracts in Houston while they wait to see how the tax question is resolved.

What does the coffee business mean to Houston and Texas? Coffee trade brings millions of dollars regional economic benefit and tax revenue because of commercial property taxes, personal property taxes, capital investments, transportation and direct jobs. The amount of coffee stored in Houston has risen over 400% since the referendum allowing the exemption passed. Seeing the business go away overnight because of future uncertainty will result in lost revenue for the state, lost commerce for the region, and many direct jobs lost in our community.

Please join the GHCA in our efforts to assure the global coffee industry that our Texas legislators fully understand the national competitive environment and we are confident there will not be any support for taxing green coffee in Houston. Texas will continue to be the best place in the United States for their business.

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