



**THE ATTORNEY GENERAL  
OF TEXAS**

**AUSTIN, TEXAS 78711**

**CRAWFORD C. MARTIN  
ATTORNEY GENERAL**

March 29, 1972

Honorable Robert S. Calvert  
Comptroller of Public Accounts  
State of Texas  
Austin, Texas 78701

Opinion No. M-1110

Re: Exemption of Arlington  
Park Corporation from  
franchise tax under  
Art. 12.03, Title 122A,  
Taxation-General, V.C.S.

Dear Sir:

You have requested an official opinion on the following  
quoted matter:

"The Arlington Park Corporation was issued a Certificate of Incorporation on April 7, 1971 under the Texas Non-Profit Corporation Act (Article 1396, Revised Civil Statutes of Texas, as amended). The corporation was organized at the instance of the City of Arlington for the purpose of providing sports events, other entertainment and recreation for the citizens of Arlington and others. Its primary activities include the operation and management of Arlington Stadium, the home of the Texas Rangers major league baseball team, and Seven Seas, a recreational sea-life park. The stadium and park belong to the City of Arlington. It apparently is anticipated that significant profits will be generated by the business activities of this corporation, which profits will be transferred to the City of Arlington for its exclusive use.

"The Corporation has requested exemption from payment of the franchise tax under Article 12.03 of the Franchise Tax Act on the basis that it is a 'corporation having no capital stock and organized for the exclusive purpose of promoting the public interest of any county, city, or town, or other area within the state'. Copies

of the Articles of Incorporation, the by-laws and the Lease-Operating agreement between the corporation and the City of Arlington are enclosed.

"Your opinion is respectfully requested whether the Arlington Park Corporation qualifies for exemption under Article 12.03 of the Franchise Tax Act."

From a study of the material accompanying your request, and in particular, Article eight of the Articles of Incorporation, we have concluded that the corporation is organized without membership or capital stock, is non profit sharing, and that the exclusive purposes and proposed operations of the corporation, as expressed in its franchise and agreement with the city, are substantially in accord with the purposes and proposed activities summarized in your request.

Article 12.03, Title 122A, Taxation-General, Vernon's Civil Statutes, exempts from the imposition of the franchise tax "any corporation having no capital stock and organized for the exclusive purpose of promoting the public interest of any county, city, or town, or other area within the state." This exemption is applicable to any corporation organized and operating within its terms, regardless of the engendering of profits by such operations.

Consequently, it is the opinion of this office, from the facts presented, that the Arlington Park Corporation as organized, qualifies under the terms of Article 12.03 for exemption from the imposition of the franchise tax if it is operated solely "for the exclusive purpose of promoting the public interest." We furnish herewith a copy of Attorney General's Opinion No. C-76 (1963) which delineates the elements necessary to justify exemption under this Article.

#### SUMMARY

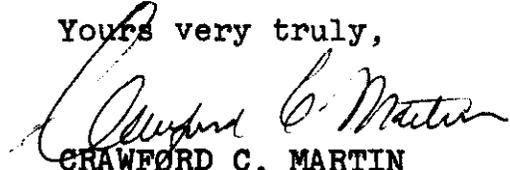
The Arlington Park Corporation, having no capital stock and organized for the exclusive purpose of promoting the public interest of the City

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of Arlington, Texas, is entitled to exemption under Art. 12.03, Title 122A, Taxation-General, V.C.S. from imposition of the franchise tax if it is operated solely for the exclusive purpose of promoting the public interest.

Yours very truly,

  
CRAWFORD C. MARTIN  
Attorney General of Texas

Prepared by Bob Lattimore  
Assistant Attorney General

APPROVED:  
OPINION COMMITTEE

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