

By: Duncan

S.B. No. 1849

A BILL TO BE ENTITLED

AN ACT

relating to updating and clarifying the state sales and use tax.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 151.3162(b), Tax Code, is amended to read as follows:

(b) The following items are exempted from the tax imposed by this chapter:

(1) seedlings of trees [~~commonly~~] grown for commercial timber;

(2) defoliants, desiccants, equipment, fertilizers, fungicides, herbicides, insecticides, and machinery exclusively used in the production of timber to be sold in the regular course of business;

(3) machinery and equipment used in, and pollution control equipment required as a result of, the processing, packing, or marketing of timber products by an original producer if:

(A) the processing, packing, or marketing occurs at or from a location operated by the original producer;

(B) at least 50 percent of the value of the timber products processed, packed, or marketed at or from the location is attributable to products produced by the original producer and not purchased or acquired from others; and

(C) the original producer does not process, pack, or market for consideration timber products that belong to another

1 person with a value greater than five percent of the total value of
2 the timber products processed, packed, or marketed by the producer;
3 and

4 (4) tangible personal property sold or used to be
5 installed as a component of an underground irrigation system
6 exclusively used in the production of timber to be sold in the
7 regular course of business.

8 SECTION 2. Sections 151.328(a) and (c), Tax Code, are
9 amended to read as follows:

10 (a) Aircraft are exempted from the taxes imposed by this
11 chapter if:

12 (1) sold to a person using the aircraft as a
13 certificated or licensed carrier of persons or property;

14 (2) sold to a person who:

15 (A) has a sales tax permit issued under this
16 chapter; and

17 (B) uses the aircraft for the purpose of
18 providing flight instruction that is:

19 (i) recognized by the Federal Aviation
20 Administration;

21 (ii) under the direct or general
22 supervision of a flight instructor certified by the Federal
23 Aviation Administration; and

24 (iii) designed to lead to a pilot
25 certificate or rating issued by the Federal Aviation Administration
26 or otherwise required by a rule or regulation of the Federal
27 Aviation Administration;

1 (3) sold to a foreign government; or

2 (4) sold to a person in this state for use and
3 registration in another state or nation before any use in this state
4 other than flight training in the aircraft and the transportation
5 of the aircraft out of this state.

6 (c) In this section, "aircraft" does not include a rocket or
7 missile, but does include:

8 (1) a fixed wing, heavier-than-air craft that is
9 driven by propeller or jet and supported by the dynamic reaction of
10 the air against its wings;

11 (2) a helicopter; and

12 (3) an airplane flight simulator approved by the
13 Federal Aviation Administration for use as a Level C [~~Phase II~~] or
14 higher flight simulator under Appendix A [~~H~~], 14 C.F.R. Part 60
15 [~~121~~].

16 SECTION 3. Section 151.0232, Tax Code, is repealed.

17 SECTION 4. The change in law made by this Act does not
18 affect tax liability accruing before the effective date of this
19 Act. That liability continues in effect as if this Act had not been
20 enacted, and the former law is continued in effect for the
21 collection of taxes due and for civil and criminal enforcement of
22 the liability for those taxes.

23 SECTION 5. This Act takes effect immediately if it receives
24 a vote of two-thirds of all the members elected to each house, as
25 provided by Section 39, Article III, Texas Constitution. If this
26 Act does not receive the vote necessary for immediate effect, this
27 Act takes effect September 1, 2007.