

BILL ANALYSIS

Senate Research Center

H.B. 3144
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Finance
5/20/2009
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

This bill extends the sales tax exemption for agricultural items to include tangible personal property, including tires or other equipment exclusively used or employed on a farm or ranch for specified purposes. It also clarifies the exemption from sales and use tax for machinery and equipment used in agricultural aircraft operations. This is consistent with current law because it affords agricultural aircraft the same tax exemptions extended to other forms of agricultural machinery.

H.B. 3144 amends current law relating to an exemption from the sales and use tax for parts for certain machinery and equipment used in agricultural operations and for aircraft used in connection with agriculture.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 151.316(a), Tax Code, to exempt certain items from the taxes imposed by this chapter, including tangible personal property, including a tire, sold or used to be installed as a component part of a motor vehicle, machinery, or other equipment exclusively used or employed on a farm or ranch in the building or maintaining of roads or water facilities or in the production of food for human consumption, grass, feed for animal life, or other agricultural products to be sold in the regular course of business; and machinery and equipment exclusively used in an agricultural aircraft operation, as defined by 14 C.F.R. Section 137.3.

SECTION 2. Amends Section 151.328, Tax Code, by amending Subsections (a) and (b) and adding Subsection (h), as follows:

(a) Exempts aircraft from the taxes imposed by this chapter if used for certain purposes, including if sold in this state to a person for use exclusively in connection with an agricultural use, as defined by Section 23.51 (Definitions), and used for predator control, wildlife or livestock capture, wildlife or livestock surveys, census counts of wildlife or livestock, animal or plant health inspection services, or crop dusting, pollination, or seeding.

(b) Exempts repair, remodeling, and maintenance services to aircraft, including an engine or other component part of aircraft, operated by a person described by Subsection (a)(1) (relating to aircraft sold to a person using the aircraft as a certified or licensed carrier of persons or property), (a)(2) (relating to aircraft sold to a person who has a sales tax permit and for the purpose of flight instruction), or (a)(5) (relating to aircraft sold in this state to a person for an agricultural use) from the taxes imposed by this chapter. Makes a nonsubstantive change.

(h) Provides that for purposes of the exemption under Subsection (a)(5), an aircraft is considered to be for use exclusively in connection with an agricultural use if 95 percent of the use of the aircraft is for a purpose described by Subsections (a)(5)(A)-(F) (relating to certain agricultural uses). Provides that travel of less than 30 miles each way to a location to perform a service described by Subsections (a)(5)(A)-(F) does not disqualify

an aircraft from the exemption under Subsection (a)(5). Requires a person who claims an exemption under Subsection (a)(5) to maintain and make available to the comptroller of public accounts flight records for all uses of the aircraft.

SECTION 3. Makes application of Section 151.316(a), Tax Code, as amended by this Act, prospective.

SECTION 4. Provides that the changes in law made by this Act to Section 151.328, Tax Code, are a clarification of existing law and do not imply that the former law may be construed as inconsistent with the law as amended by this Act.

SECTION 5. Effective date: September 1, 2009.