

BILL ANALYSIS

S.B. 958
By: Hegar
Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

In 1981, the 67th Legislature enacted legislation exempting certain agricultural items from taxation. These items included horses, mules, and work animals; animals produced for human consumption or to be sold in the regular course of business; chemicals used on farms and ranches; fertilizer; machinery used on farms and ranches; and machinery used in the processing, packing, or marketing of agricultural products.

Additional amendments to the statute were passed during the Second Called Session of the 68th Legislature, the 70th Legislature, the 73rd Legislature, and the 74th Legislature.

This bill exempts agricultural aircraft operations from sales and use taxes on machinery and equipment used to dispense economic poison; to dispense any other substance intended for plant nourishment, soil treatment, propagation of plant life, or pest control; or engaged in dispensing activities directly affecting agriculture, horticulture, or forest preservation, but not including the dispensing of live insects.

As proposed, S.B. 958 amends current law relating to an exemption from the sales and use tax for machinery and equipment used in an agricultural aircraft operation.

RULEMAKING AUTHORITY

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

ANALYSIS

SECTION 1. Amends Section 151.316(a), Tax Code, to provide that machinery and equipment exclusively used in an agricultural aircraft operation, as defined by 14 C.F.R. Section 137.3, are exempt from the taxes imposed by this chapter.

SECTION 2. Provides that the change in law made by this Act does not affect tax liability accruing before the effective date of this Act. Provides that the liability continues in effect as if this Act had not been enacted, and the former law is continued in effect for the collection of taxes due and for civil and criminal enforcement of the liability for those taxes.

SECTION 3. Effective date: September 1, 2009.

EFFECTIVE DATE

September 1, 2009