

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**May 26, 2009**

**TO:** Honorable Steve Ogden, Chair, Senate Committee on Finance

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE: HB3144** by Gonzalez Toureilles (Relating to an exemption from the sales and use tax for property used in agricultural operations and for aircraft used in connection with agriculture.),  
**Committee Report 2nd House, Substituted**

<p><b>No significant fiscal implication to the State is anticipated.</b></p>
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The bill would amend Chapter 151.316 of the Tax Code, regarding sales tax exemptions for agricultural items.

The bill would add three exemptions to current law: (1) The bill would expand the list of agricultural items that are exempt from the sales tax to include tangible personal property, including a tire, sold or used as a component part of a motor vehicle, machinery, or other equipment exclusively used 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. (2) The exemption would also include certain machinery and equipment exclusively used in an agricultural aircraft operation. (3) Finally, the exemption would include tangible personal property used for or incorporated into a structure that is used for the disposal of poultry carcasses.

The comptroller has indicated that the first two exemptions are clarification of their existing policy with regards to these items and thus would have no fiscal impact. The exemption for property used for the disposal of poultry carcasses is an expansion of the current exemption, however the comptroller has estimated there would be no significant fiscal implications to the state from broadening the exemption.

The bill would take effect September 1, 2009.

**Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** JOB, MN, SD, KK