

## **BILL ANALYSIS**

H.B. 2042  
By: Menendez  
Defense & Veterans' Affairs  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

There is concern that current tax law does not adequately address the power of a defense base development authority to charge for the use, lease, or sale of an open space or a facility or specify the services for which an authority may charge. There is an additional concern that the law does not adequately address the taxable status of manufactured aircraft brought into Texas for final fittings, customization, or preparation for delivery. H.B. 2042 seeks to amend provisions of law to address these concerns.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

H.B. 2042 amends the Local Government Code to authorize a defense base development authority to exercise power necessary or convenient to charge for the use, lease, or sale of an open space or a facility.

H.B. 2042 authorizes an authority to charge for a service provided, including the following: professional consultation services provided in relation to international trade, planning, land use, or construction; real estate development services, including an employee licensed under The Real Estate License Act, acting as a broker; support or participation in the acquisition of venture capital to finance the authority's redevelopment project, both inside and outside the authority; participation in or assistance on a joint venture composed of both public and private entities; promotion of an activity that creates employment opportunities; and any other service provided in relation to a project undertaken by the authority, alone or with others, to fulfill an authority purpose or objective.

H.B. 2042 establishes that a commercial aircraft to be used as an instrumentality of commerce that is under construction inside a defense base development authority is presumed to be in interstate, international, or foreign commerce and not located in Texas for longer than a temporary period for purposes of Tax Code provisions related to taxability of real and tangible personal property. The bill applies the same presumption to tangible personal property located inside the authority if the owner demonstrates to the chief appraiser for the appraisal district in which the authority is located that the owner intends to incorporate the property into or attach the property to such a commercial aircraft. The bill defines "commercial aircraft." The bill makes its provisions relating to the taxable status of commercial aircraft under construction and certain tangible personal property and the meaning of "commercial aircraft" effective January 1, 2012, and applicable only to property taxes imposed for a tax year beginning on or after January 1, 2012.

**EFFECTIVE DATE**

Except as otherwise provided, September 1, 2011.