

BILL ANALYSIS

C.S.H.B. 3727
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Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The property tax on tangible personal property may be based on the property's market value. Interested parties argue that a temporary production aircraft, or an aircraft being manufactured and assembled in Texas and only temporarily located in the state, is not yet ready for registration or flight by a certificated air carrier, so the published list price for a completed aircraft is not an accurate indication of the actual market value of the aircraft while it is still in production.

C.S.H.B. 3727 seeks to address this situation by establishing an alternate method for determining the market value of a temporary production aircraft that is reflective of the value of the property in its current state of manufacture.

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

C.S.H.B. 3727 amends the Tax Code to require a chief appraiser to determine the appraised value of temporary production aircraft to be 10 percent of the aircraft's list price as of January 1. The bill makes its provisions applicable only to property taxes imposed for a tax year beginning on or after January 1, 2012, and defines "list price," "maximum takeoff weight," and "temporary production aircraft."

EFFECTIVE DATE

September 1, 2011.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 3727 differs from the original by defining "temporary production aircraft" as an aircraft that, among other criteria, is temporarily located in Texas for purposes of manufacture or assembly, whereas the original defines the term as an aircraft that, among other criteria, is temporarily held in Texas.

C.S.H.B. 3727 differs from the original by requiring a chief appraiser to determine the appraised value of temporary production aircraft to be 10 percent of the aircraft's list price as of January 1, whereas the original requires a chief appraiser to determine an aircraft's market value on January 1 to be 10 percent of the published list price of the aircraft.

C.S.H.B. 3727 contains a provision not included in the original making the bill's provisions applicable only to property taxes imposed for a tax year beginning on or after January 1, 2012.

C.S.H.B. 3727 differs from the original by making its provisions effective September 1, 2011,

whereas the original makes its provisions effective on passage, or, if the bill does not receive the necessary vote, September 1, 2011.

C.S.H.B. 3727 differs from the original in nonsubstantive ways by using language reflective of certain bill drafting conventions.