

By: Harper-Brown, Ratliff, Hilderbran

H.B. No. 3121

A BILL TO BE ENTITLED

1 AN ACT  
2 relating to the qualifications for the exemption from ad valorem  
3 taxation for aircraft parts located in this state for a limited  
4 time.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Section 11.251, Tax Code, is amended by amending  
7 Subsections (b), (c), (e), (g), and (k) and adding Subsection (l) to  
8 read as follows:

9 (b) A person is entitled to an exemption from taxation by a  
10 taxing unit of the appraised value of that portion of the person's  
11 inventory or property consisting of freeport goods as determined  
12 under this section for the taxing unit.

13 (c) The exemption provided by Subsection (b) is subtracted  
14 from the market value of the inventory or property determined under  
15 Section 23.12 to determine the taxable value of the inventory or  
16 property for the taxing unit.

17 (e) In determining the market value of freeport goods that  
18 in the preceding year were assembled, manufactured, repaired,  
19 maintained, processed, or fabricated in this state or used by the  
20 person who acquired or imported the property in the repair or  
21 maintenance of aircraft operated by a certificated air carrier, the  
22 chief appraiser shall exclude the cost of equipment, machinery, or  
23 materials that entered into and became component parts of the  
24 freeport goods but were not themselves freeport goods or that were

1 not transported outside the state before the expiration of 175  
2 days, or, if applicable, the greater number of days adopted by the  
3 taxing unit as authorized by Subsection (1), after they were  
4 brought into this state by the property owner or acquired by the  
5 property owner in this state. For component parts held in bulk, the  
6 chief appraiser may use the average length of time a component part  
7 was held in this state by the property owner during the preceding  
8 year in determining whether the component parts were transported  
9 out of this state before the expiration of 175 days or, if  
10 applicable, the greater number of days adopted by the taxing unit as  
11 authorized by Subsection (1).

12 (g) If the property owner or the chief appraiser  
13 demonstrates that the method provided by Subsection (d)  
14 significantly understates or overstates the market value of the  
15 property qualified for an exemption under Subsection (b) in the  
16 current year, the chief appraiser shall determine the market value  
17 of the freeport goods to be exempt by determining, according to the  
18 property owner's records and any other available information, the  
19 market value of those freeport goods owned by the property owner on  
20 January 1 of the current year, excluding the cost of equipment,  
21 machinery, or materials that entered into and became component  
22 parts of the freeport goods but were not themselves freeport goods  
23 or that were not transported outside the state before the  
24 expiration of 175 days, or, if applicable, the greater number of  
25 days adopted by the taxing unit as authorized by Subsection (1),  
26 after they were brought into this state by the property owner or  
27 acquired by the property owner in this state.

1 (k) Property that meets the requirements of Article VIII,  
2 Sections 1-j(a)(1) and (2), of the Texas Constitution and that is  
3 transported outside of this state not later than 175 days, or, if  
4 applicable, the greater number of days adopted by the taxing unit as  
5 authorized by Subsection (1), after the date the person who owns it  
6 on January 1 acquired it or imported it into this state is freeport  
7 goods regardless of whether the person who owns it on January 1 is  
8 the person who transports it outside of this state.

9 (1) The governing body of a taxing unit, in the manner  
10 provided by law for official action, may extend the date by which  
11 freeport goods that are aircraft parts must be transported outside  
12 the state to a date not later than the 730th day after the date the  
13 person acquired or imported the property in this state. An  
14 extension adopted by official action under this subsection applies  
15 only to the exemption from ad valorem taxation by the taxing unit  
16 adopting the extension and applies to:

17 (1) the tax year:

18 (A) in which the extension is adopted if  
19 officially adopted before June 1 of a tax year; or

20 (B) immediately following the tax year in which  
21 the extension is adopted if officially adopted on or after June 1 of  
22 a tax year; and

23 (2) each tax year following the year of adoption of the  
24 extension.

25 SECTION 2. This Act applies only to a tax year beginning on  
26 or after the effective date of this Act.

27 SECTION 3. This Act takes effect January 1, 2014, but only

1 if the constitutional amendment proposed by the 83rd Legislature,  
2 Regular Session, 2013, to authorize a political subdivision of this  
3 state to extend the number of days that aircraft parts that are  
4 exempt from ad valorem taxation due to their location in this state  
5 for a temporary period may be located in this state for purposes of  
6 qualifying for the tax exemption is approved by the voters. If that  
7 amendment is not approved by the voters, this Act has no effect.