

1-1 By: Harper-Brown, Ratliff, Hilderbran H.B. No. 3121
 1-2 (Senate Sponsor - Deuell)
 1-3 (In the Senate - Received from the House May 8, 2013;
 1-4 May 9, 2013, read first time and referred to Committee on Finance;
 1-5 May 15, 2013, reported favorably by the following vote:
 1-6 Yeas 14, Nays 0; May 15, 2013, sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15	X			
1-16	X			
1-17	X			
1-18	X			
1-19	X			
1-20	X			
1-21	X			
1-22			X	
1-23	X			

1-24 A BILL TO BE ENTITLED
 1-25 AN ACT

1-26 relating to the qualifications for the exemption from ad valorem
 1-27 taxation for aircraft parts located in this state for a limited
 1-28 time.

1-29 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-30 SECTION 1. Section 11.251, Tax Code, is amended by amending
 1-31 Subsections (b), (c), (e), (g), and (k) and adding Subsection (l) to
 1-32 read as follows:

1-33 (b) A person is entitled to an exemption from taxation by a
 1-34 taxing unit of the appraised value of that portion of the person's
 1-35 inventory or property consisting of freeport goods as determined
 1-36 under this section for the taxing unit.

1-37 (c) The exemption provided by Subsection (b) is subtracted
 1-38 from the market value of the inventory or property determined under
 1-39 Section 23.12 to determine the taxable value of the inventory or
 1-40 property for the taxing unit.

1-41 (e) In determining the market value of freeport goods that
 1-42 in the preceding year were assembled, manufactured, repaired,
 1-43 maintained, processed, or fabricated in this state or used by the
 1-44 person who acquired or imported the property in the repair or
 1-45 maintenance of aircraft operated by a certificated air carrier, the
 1-46 chief appraiser shall exclude the cost of equipment, machinery, or
 1-47 materials that entered into and became component parts of the
 1-48 freeport goods but were not themselves freeport goods or that were
 1-49 not transported outside the state before the expiration of 175
 1-50 days, or, if applicable, the greater number of days adopted by the
 1-51 taxing unit as authorized by Subsection (l), after they were
 1-52 brought into this state by the property owner or acquired by the
 1-53 property owner in this state. For component parts held in bulk, the
 1-54 chief appraiser may use the average length of time a component part
 1-55 was held in this state by the property owner during the preceding
 1-56 year in determining whether the component parts were transported
 1-57 out of this state before the expiration of 175 days or, if
 1-58 applicable, the greater number of days adopted by the taxing unit as
 1-59 authorized by Subsection (l).

1-60 (g) If the property owner or the chief appraiser
 1-61 demonstrates that the method provided by Subsection (d)

2-1 significantly understates or overstates the market value of the
2-2 property qualified for an exemption under Subsection (b) in the
2-3 current year, the chief appraiser shall determine the market value
2-4 of the freeport goods to be exempt by determining, according to the
2-5 property owner's records and any other available information, the
2-6 market value of those freeport goods owned by the property owner on
2-7 January 1 of the current year, excluding the cost of equipment,
2-8 machinery, or materials that entered into and became component
2-9 parts of the freeport goods but were not themselves freeport goods
2-10 or that were not transported outside the state before the
2-11 expiration of 175 days, or, if applicable, the greater number of
2-12 days adopted by the taxing unit as authorized by Subsection (l),
2-13 after they were brought into this state by the property owner or
2-14 acquired by the property owner in this state.

2-15 (k) Property that meets the requirements of Article VIII,
2-16 Sections 1-j(a)(1) and (2), of the Texas Constitution and that is
2-17 transported outside of this state not later than 175 days, or, if
2-18 applicable, the greater number of days adopted by the taxing unit as
2-19 authorized by Subsection (l), after the date the person who owns it
2-20 on January 1 acquired it or imported it into this state is freeport
2-21 goods regardless of whether the person who owns it on January 1 is
2-22 the person who transports it outside of this state.

2-23 (l) The governing body of a taxing unit, in the manner
2-24 provided by law for official action, may extend the date by which
2-25 freeport goods that are aircraft parts must be transported outside
2-26 the state to a date not later than the 730th day after the date the
2-27 person acquired or imported the property in this state. An
2-28 extension adopted by official action under this subsection applies
2-29 only to the exemption from ad valorem taxation by the taxing unit
2-30 adopting the extension and applies to:

- 2-31 (1) the tax year:
 - 2-32 (A) in which the extension is adopted if
 - 2-33 officially adopted before June 1 of a tax year; or
 - 2-34 (B) immediately following the tax year in which
 - 2-35 the extension is adopted if officially adopted on or after June 1 of
 - 2-36 a tax year; and
- 2-37 (2) each tax year following the year of adoption of the
- 2-38 extension.

2-39 SECTION 2. This Act applies only to a tax year beginning on
2-40 or after the effective date of this Act.

2-41 SECTION 3. This Act takes effect January 1, 2014, but only
2-42 if the constitutional amendment proposed by the 83rd Legislature,
2-43 Regular Session, 2013, to authorize a political subdivision of this
2-44 state to extend the number of days that aircraft parts that are
2-45 exempt from ad valorem taxation due to their location in this state
2-46 for a temporary period may be located in this state for purposes of
2-47 qualifying for the tax exemption is approved by the voters. If that
2-48 amendment is not approved by the voters, this Act has no effect.

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