

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 30, 2013

TO: Honorable Harvey Hilderbran, Chair, House Committee on Ways & Means

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3121 by Harper-Brown (relating to the qualifications for the exemption from ad valorem taxation for aircraft parts located in this state for a limited time.), **Committee Report 1st House, Substituted**

The fiscal impact of permitting the governing body of certain political subdivisions to extend by official action the number of days that certain aircraft parts may remain in this state (currently 175 days) before losing eligibility for a freeport property tax exemption is discussed in the fiscal note for the enabling resolution, HJR 133.

The bill would amend Section 11.251 of the Tax Code to authorize the governing body of certain political subdivisions to extend by official action the number of days that qualifying aircraft parts remain in this state (currently 175 days) before losing eligibility for a property tax exemption. This exemption is commonly referred to as a "freeport exemption". Many taxing units took action to tax this personal property under previous constitutional authority to do so, and the exemption does not apply in those districts. The maximum number of days that a governing body may permit qualifying aircraft parts to remain in this state and remain eligible for a freeport exemption under the resolution is 730.

The companion constitutional amendment (HJR 133) that authorizes the governing body of certain political subdivisions to extend by official action the number of days that qualifying aircraft parts may remain in this state (currently 175 days) before losing eligibility for a freeport property tax exemption is self-enabling. Consequently, any fiscal impact is shown in the fiscal note for HJR 133.

The bill would take effect on January 1, 2014, contingent on a constitutional amendment.

Local Government Impact

The fiscal impact of permitting the governing body of certain political subdivisions to extend by official action the number of days that certain aircraft parts may remain in this state (currently 175 days) before losing eligibility for a freeport property tax exemption is discussed in the fiscal note for the enabling resolution, HJR 133.

Source Agencies: 304 Comptroller of Public Accounts

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