

BILL ANALYSIS

C.S.H.B. 1458
By: Bohac
Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

There are concerns that Texas is at a competitive disadvantage in growing its aircraft maintenance service industry because the applicable sales and use tax exemption does not apply to certain elements of the industry, such as parts and labor. Interested parties assert that a large number of states exempt general aviation maintenance and repairs from state sales and use tax and that the inherent mobility of aircraft allows it to be moved easily to a more tax-friendly state. The parties contend that Texas' current sales and use tax exemption provided to commercial carriers for certain parts and labor does not extend to general aviation aircraft. C.S.H.B. 1458 seeks to address this issue to encourage expansion of the aviation industry in Texas.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

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. 1458 amends the Tax Code to remove the condition that aircraft be operated by certain persons in order for services related to the repair, remodeling, and maintenance of the aircraft to be exempt from the sales and use tax; to remove the condition that goods related to the repair, remodeling, or maintenance of aircraft, aircraft engines, or aircraft component parts be used or consumed by or on behalf of certain persons in order for the goods to be exempt from the sales and use tax; and to remove the condition that aircraft be owned or operated by certain persons in order for tangible personal property that is permanently affixed or attached as a component part of the aircraft or that is necessary for the normal operation of the aircraft and is pumped, poured, or otherwise placed in the aircraft to be exempt from the sales and use tax.

EFFECTIVE DATE

September 1, 2015.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 1458 differs from the original in minor or nonsubstantive ways by conforming to certain bill drafting conventions.