

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**April 6, 2015**

**TO:** Honorable Jane Nelson, Chair, Senate Committee on Finance

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: SB798** by Estes (Relating to the sales and use tax exemption for the repair, remodeling, or maintenance of aircraft.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB798, As Introduced: a negative impact of (\$10,300,000) through the biennium ending August 31, 2017.

**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2016	(\$4,800,000)
2017	(\$5,500,000)
2018	(\$5,700,000)
2019	(\$5,900,000)
2020	(\$6,100,000)

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Revenue (Loss) from General Revenue Fund 1	Probable Revenue (Loss) from Cities	Probable Revenue (Loss) from Transit Authorities	Probable Revenue (Loss) from Counties and Special Districts
2016	(\$4,800,000)	(\$900,000)	(\$300,000)	(\$100,000)
2017	(\$5,500,000)	(\$1,000,000)	(\$300,000)	(\$100,000)
2018	(\$5,700,000)	(\$1,100,000)	(\$400,000)	(\$100,000)
2019	(\$5,900,000)	(\$1,100,000)	(\$400,000)	(\$100,000)
2020	(\$6,100,000)	(\$1,100,000)	(\$400,000)	(\$100,000)

**Fiscal Analysis**

The bill would amend Section 151.328 of the Tax Code relating to sales and use taxation of aircraft.

The bill would amend Subsection (b) to provide that repair, remodeling, and maintenance services to all aircraft are exempt. Current law limits this exemption to services performed with respect to aircraft used as certificated or licensed carriers of persons or property, used for flight instruction,

or used for certain agricultural purposes.

The bill would amend Subsections (d) and (e) to provide that machinery, tools, supplies, and equipment used exclusively in the repair, remodeling, or maintenance of all aircraft is exempt, as well as tangible personal property affixed, attached, or placed in all aircraft. Current law limits these exemptions to aircraft used as certificated or licensed carriers of persons or property or used for flight instruction.

The bill would take effect September 1, 2015.

### **Methodology**

The fiscal implications were estimated based on data from Comptroller tax files and industry sources on amounts subject to Texas sales and use tax of businesses performing aircraft repair and maintenance.

### **Local Government Impact**

There would be a proportional loss of sales and use tax revenue from local taxing jurisdictions as shown in the above table.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** UP, KK, SD