

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

March 15, 2019

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

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
 Legislative Budget Board

IN RE: SB1214 by Schwertner (Relating to the sales and use tax exemption for certain aircraft.),
As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for SB1214, As Introduced: a negative impact of (\$1,300,000) through the biennium ending August 31, 2021.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2020	(\$650,000)
2021	(\$650,000)
2022	(\$650,000)
2023	(\$650,000)
2024	(\$650,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from <i>General Revenue Fund</i> 1	Probable Revenue (Loss) from <i>Cities</i>	Probable Revenue (Loss) from <i>Transit Authorities</i>	Probable Revenue (Loss) from <i>Counties & Special Districts</i>
2020	(\$650,000)	(\$120,000)	(\$40,000)	(\$20,000)
2021	(\$650,000)	(\$120,000)	(\$40,000)	(\$20,000)
2022	(\$650,000)	(\$120,000)	(\$40,000)	(\$20,000)
2023	(\$650,000)	(\$120,000)	(\$40,000)	(\$20,000)
2024	(\$650,000)	(\$120,000)	(\$40,000)	(\$20,000)

Fiscal Analysis

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

The bill would add Subdivision (G) to Subsection (a)(5) to include as exempt from sales tax an aircraft sold for any use necessary to operate a business that performs any service described by

Subdivisions (A)-(F), which include: predator control; wildlife or livestock capture, surveys and census counts; animal or plant health inspection services; and crop dusting, pollination and seeding.

The bill would also amend Subsection (h) to provide that intrastate travel to a location where services in Subsection (a)(5) are performed would not disqualify an aircraft from the sales tax exemption.

The bill would take effect September 1, 2019.

Methodology

Exempt aircraft currently have a 30 mile travel limit each way to locations where the agricultural services take place. The bill would remove the current limit and allow agricultural aircraft to travel unlimited miles to service locations in the state and remain exempt. This amendment would have no significant fiscal implications.

The added Subdivision (G) to Section 151.328(a)(5) would provide exemption of any aircraft necessary for the operation of any type of business, provided the business performs any of the agricultural uses listed in Subdivisions (A)-(F) regardless whether the principal use of the aircraft is for performance of agricultural uses. This amendment significantly expands the scope of the exemption, as aircraft that are not exempt under current law as exclusively for agricultural use would be exempt if sold to any business for primary use in non-agricultural activities provided only that the business occasionally perform an agricultural service. The estimates above are based on industry reports of general aviation aircraft sales in the United States, apportioned to Texas and reduced for the portion assumed exempt under current law.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: WP, KK, SD