

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

April 2, 2023

TO: Honorable Joan Huffman, Chair, Senate Committee on Finance

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **SB1022** by Nichols (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 SB1022, As Introduced : a negative impact of (\$82,390,000) through the biennium ending August 31, 2025.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to <i>General Revenue Related Funds</i>
2024	(\$38,674,000)
2025	(\$43,716,000)
2026	(\$45,609,000)
2027	(\$47,652,000)
2028	(\$49,848,000)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Revenue (Loss) from <i>General Revenue Fund 1</i>	Probable Revenue (Loss) from <i>Cities</i>	Probable Revenue (Loss) from <i>Transit Authorities</i>	Probable Revenue (Loss) from <i>Counties & Special Districts</i>
2024	(\$38,674,000)	(\$7,100,000)	(\$2,360,000)	(\$1,610,000)
2025	(\$43,716,000)	(\$8,020,000)	(\$2,660,000)	(\$1,820,000)
2026	(\$45,609,000)	(\$8,370,000)	(\$2,780,000)	(\$1,900,000)
2027	(\$47,652,000)	(\$8,740,000)	(\$2,900,000)	(\$1,980,000)
2028	(\$49,848,000)	(\$9,150,000)	(\$3,040,000)	(\$2,070,000)

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 certified 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 are exempt, as well as tangible personal property affixed, attached, or placed in all aircraft. Current law limits these exemptions to aircraft used as certified or licensed carriers of persons or property or used for flight instruction.

The bill would take effect September 1, 2023.

Methodology

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

Local Government Impact

There would be a corresponding loss of sales and use tax revenue from local taxing jurisdictions.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JMc, KK, SD