

BILL ANALYSIS

S.B. 1030
By: Nichols
Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Current state law provides for a sales and use tax exemption for tangible personal property that is permanently affixed or attached as a component part of an applicable aircraft or that is necessary for the normal operations of the aircraft and is pumped, poured, or otherwise placed in the aircraft. However, the applicability of that exemption is currently limited to aircraft owned or operated by persons that satisfy specific requirements. The bill sponsor has informed the committee that this limitation has created uncertainty for aircraft maintenance providers and operators regarding whether essential components and consumables are exempt from the sales and use tax and that many states offer broader tax exemptions relating to aircraft maintenance, creating a competitive disadvantage for Texas-based operations. The bill sponsor has also informed the committee that, if Texas does not broaden its tax exemption for certain aircraft components, the state risks losing aviation business to neighboring states with more favorable tax environments. S.B. 1030 seeks to establish parity with neighboring states and strengthen the competitiveness of Texas in the aviation sector by clarifying and broadening the scope of the current sales and use tax exemption for certain aircraft components.

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

S.B. 1030 amends the Tax Code to expand the exemption from the sales and use tax for tangible personal property that is permanently affixed or attached as a component part of an applicable aircraft or that is necessary for the normal operations of the aircraft and is pumped, poured, or otherwise placed in the aircraft to include such tangible property so affixed or attached on any aircraft by removing the condition making the exemption applicable only to tangible personal property that is so affixed or attached on an aircraft owned or operated by one of the following persons:

- a person using the aircraft as a certificated or licensed carrier of persons or property; or
- a person who has a sales tax permit and uses the aircraft for the purpose of providing flight instruction that is recognized by the Federal Aviation Administration (FAA), under the direct or general supervision of a flight instructor certified by the FAA, and designed to lead to a pilot certificate or rating issued by the FAA or otherwise required by an FAA rule or regulation.

S.B. 1030 does not affect tax liability accruing before the bill's effective date. That liability continues in effect as if the bill had not been enacted, and the former law is continued in effect for the collection of taxes due and for civil and criminal enforcement of the liability for those taxes.

EFFECTIVE DATE

September 1, 2025.