

BILL ANALYSIS

Senate Research Center
76R12186 JD-F

H.B. 2574
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Jurisprudence
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Engrossed

DIGEST

Currently, the portion of the total market value of property that fairly reflects the property's use in this state must be allocated to the state for tax purposes if the property is used for a business purpose of the owner, is taxable by a taxing unit, and is used both in this state and outside this state. H.B. 2574 would establish the allocation formula for business aircraft.

PURPOSE

As proposed, H.B. 2574 relates to the allocation for ad valorem tax purposes of the value of certain business aircraft used outside this state.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 21, Tax Code, by adding Section 21.055, as follows:

Sec. 21.055. BUSINESS AIRCRAFT. Requires the appraisal office to allocate to this state the portion of the fair market value of an aircraft that fairly reflects its use in this state, if an aircraft is used for a business purpose of the owner, is taxable by a taxing unit, and is used continually outside this state, whether regularly or irregularly. Prohibits the appraisal office from allocating to this state the portion of the total market value of the aircraft that fairly reflects its use beyond the boundaries of this state. Provides that the allocable portion of the total fair market value of an aircraft described by Subsection (a) is presumed to be the fair market value of the aircraft multiplied by a fraction, the numerator of which is the number of departures by the aircraft from a location in this state during the year preceding the tax year and the denominator of which is the total number of departures by the aircraft from all locations during the year preceding the tax year. Provides that this section does not apply to a commercial aircraft as defined by Section 21.05.

SECTION 2. Emergency clause.

Effective date: upon passage.