

BILL ANALYSIS

Senate Research Center
82R10044 CJC/NAJ-F

H.B. 2042
By: Menendez (Uresti)
Finance
5/14/2011
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

There is concern that current tax law does not adequately address the power of a defense base development authority to charge for the use, lease, or sale of an open space or a facility or specify the services for which an authority may charge. There is an additional concern that the law does not adequately address the taxable status of manufactured aircraft brought into Texas on a temporary basis for final fittings, customization, or preparation for delivery. H.B. 2042 seeks to amend provisions of law to address these concerns.

H.B. 2042 amends current law relating to defense base development authorities, including the powers of an authority and the taxation of certain tangible personal property located on the base property for which the authority is established.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 379B.004(a), Local Government Code, to authorize a defense base development authority (authority) to exercise power necessary or convenient to carry out a purpose of this chapter, including certain powers, including the power to charge for the use, lease, or sale of an open space or a facility, rather than for a facility or service.

SECTION 2. Amends Chapter 379B, Local Government Code, by adding Section 379B.0042, as follows:

Sec. 379B.0042. SERVICES. Authorizes an authority to charge for a service provided, including:

- (1) professional consultation services provided in relation to international trade, planning, land use, or construction;
- (2) real estate development services, including an employee licensed under Chapter 1101 (Real Estate Brokers and Salespersons), Occupations Code, acting as a broker;
- (3) support or participation in the acquisition of venture capital to finance the authority's redevelopment project, both inside and outside the authority;
- (4) participation in or assistance on a joint venture composed of both public and private entities;
- (5) promotion of an activity that creates employment opportunities; and
- (6) any other service provided in relation to a project undertaken by the authority, alone or with others, to fulfill an authority purpose or objective.

SECTION 3. Amends Section 379B.011, Local Government Code, effective January 1, 2012, by adding Subsections (c), (d), and (e), as follows:

(c) Provides that a commercial aircraft to be used as an instrumentality of commerce that is under construction inside the authority is presumed to be in interstate, international, or foreign commerce and not located in this state for longer than a temporary period for purposes of Sections 11.01 (Real and Tangible Personal Property) and 21.02 (Tangible Personal Property Generally), Tax Code.

(d) Provides that tangible personal property located inside the authority is presumed to be in interstate, international, or foreign commerce and not located in this state for longer than a temporary period for purposes of Sections 11.01 and 21.02, Tax Code, if the owner demonstrates to the chief appraiser for the appraisal district in which the authority is located that the owner intends to incorporate the property into or attach the property to a commercial aircraft described by Subsection (c).

(e) Defines, in this section, "commercial aircraft."

SECTION 4. Provides that Sections 379B.011(c), (d), and (e), Local Government Code, as added by this Act, apply only to ad valorem taxes imposed for a tax year beginning on or after January 1, 2012.

SECTION 5. Effective date, except as otherwise provided by this Act: September 1, 2011.