

BILL ANALYSIS

Senate Research Center
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H.B. 3727
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Finance
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The property tax on tangible personal property may be based on the property's market value. Interested parties argue that a temporary production aircraft, or an aircraft being manufactured and assembled in Texas and only temporarily located in the state, is not yet ready for registration or flight by a certified air carrier, so the published list price for a completed aircraft is not an accurate indication of the actual market value of the aircraft while it is still in production.

H.B. 3727 seeks to address this situation by establishing an alternate method for determining the market value of a temporary production aircraft that is reflective of the value of the property in its current state of manufacture.

H.B. 3727 amends current law relating to the appraisal for ad valorem tax purposes of certain commercial aircraft that are temporarily located in this state for manufacturing or assembly purposes.

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 Subchapter B, Chapter 23, Tax Code, by adding Section 23.1211, as follows:

Sec. 23.1211. TEMPORARY PRODUCTION AIRCRAFT; VALUE. (a) Defines, in this section, "list price," "maximum takeoff weight," and "temporary production aircraft."

(b) Requires the chief appraiser to determine the appraised value of temporary production aircraft to be 10 percent of the aircraft's list price as of January 1.

SECTION 2. Makes application of Section 23.1211, Tax Code, as added by this Act, prospective to January 1, 2012.

SECTION 3. Effective date: September 1, 2011.