

BILL ANALYSIS

Senate Research Center
86R11653 SRA-F

S.B. 1214
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Finance
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Agriculture remains one of the most important features of the Texas economy. Many workers in the industry require an aircraft in order to effectively do their work. Currently, the Tax Code limits aircraft to 30 miles to qualify for the tax exemption. Certain operations, such as crop dusting, inherently require more than 30 miles of air travel in an aircraft.

S.B. 1214 amends the Tax Code to remove the distance limitation for tax exempt agricultural aircraft and changes it to intrastate travel. S.B. 1214 retains the requirement that the aircraft be primarily (95 percent) used for agricultural purposes, and adds that business operations qualify as a primary purpose.

As proposed, S.B. 1214 amends current law relating to the sales and use tax exemption for certain aircraft.

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 Sections 151.328(a) and (h), Tax Code, as follows:

(a) Provides that aircraft are exempted from the taxes imposed by this chapter (Limited Sales, Excise, and Use Tax) if:

(1)–(4) makes no changes to these subdivisions; or

(5) sold in this state to a person for use exclusively in connection with an agricultural use, as defined by Section 23.51 (Definitions), and used for:

(A)–(D) makes no changes to these subdivisions;

(E)–(F) makes nonsubstantive changes to these subdivisions; or

(G) any other use necessary to operate a business that performs any service described by Paragraphs (A)–(F).

(h) Provides that for purposes of the exemption under Subsection (a)(5), an aircraft is considered to be for use exclusively in connection with an agricultural use if 95 percent of the use of the aircraft is for a purpose described by Subsections (a)(5)(A)–(G), rather than Subsections (a)(5)(A)–(F). Provides that intrastate travel, rather than travel of less than 30 miles each way, to a location to perform a service described by Subsections (a)(5)(A)–(G), rather than Subsections (a)(5)(A)–(F), does not disqualify an aircraft from the exemption under Subsection (a)(5).

SECTION 2. Provides that the changes in law made by this Act do not affect tax liability accruing before the effective date of this Act. Provides that that liability continues in effect as if this Act 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.

SECTION 3. Effective date: September 1, 2019.