

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 9, 2013

TO: Honorable Tommy Williams, Chair, Senate Committee on Finance

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HJR133 by Harper-Brown (Proposing a constitutional amendment to authorize a political subdivision of this state to extend the number of days that aircraft parts that are exempt from ad valorem taxation due to their location in this state for a temporary period may be located in this state for purposes of qualifying for the tax exemption.), **As Engrossed**

The proposed amendment to Section 1-j, Article VIII, of the Texas Constitution, to authorize the governing body of certain political subdivisions to extend by official action the number of days that qualifying aircraft parts may remain in this state (currently 175 days) before losing eligibility for a property tax exemption is self-enabling and, to the extent that taxing units choose to make the extension, would create a cost to the state through the operation of the school finance formula.

The cost to the state for publication of the resolution is \$108,921.

This resolution would propose a constitutional amendment to Section 1-j, Article VIII, of the Texas Constitution, to authorize the governing body of certain political subdivisions to extend by official action the number of days that qualifying aircraft parts may remain in this state (currently 175 days) before losing eligibility for a property tax exemption. This exemption is commonly referred to as a "freeport exemption". Many taxing units took action to tax this personal property under previous constitutional authority to do so, and the exemption does not apply in those districts. The maximum number of days that a governing body may permit qualifying aircraft parts to remain in this state and remain eligible for a freeport exemption under the resolution is 730.

The proposed amendment to Section 1-j, Article VIII, of the Texas Constitution, to authorize the governing body of certain political subdivisions to extend by official action the number of days that qualifying aircraft parts may remain in this state (currently 175 days) before losing eligibility for a property tax exemption is self-enabling and, to the extent that taxing units choose to make the extension, would create a cost to units of local government and to the state through the operation of the school finance formula.

The actual number of taxing units that would extend the number of days and the value of aircraft parts that may be subject to the extension under the proposed constitutional amendment are unknown. Consequently the cost of the resolution cannot be estimated.

The cost to the state for publication of the resolution is \$108,921.

The proposed amendment would be submitted to voters at an election to be held November 5, 2013.

Local Government Impact

The proposed amendment to Section 1-j, Article VIII, of the Texas Constitution, to authorize the governing body of certain political subdivisions to extend by official action the number of days that qualifying aircraft parts may remain in this state (currently 175 days) before losing eligibility for a property tax exemption is self-enabling and, to the extent that taxing units choose to make the extension, would create a cost to units of local government.

Source Agencies: 304 Comptroller of Public Accounts

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