

BILL ANALYSIS

Senate Research Center
83R20619 TJB-D

H.J.R. 133
By: Harper-Brown et al. (Deuell)
Finance
5/10/2013
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Current law exempts from property taxation freeport goods that are present in the state for only a limited period. Interested parties contend that this limited window has unintentionally put key sectors of the Texas aerospace industry, which contributes billions to the Texas economy and provides thousands of jobs, at a competitive disadvantage. The parties note that, because of the complexity of today's high-tech manufacturing processes and the fact that aerospace suppliers require inventory to be onsite for much longer periods than the law allows for a freeport exemption, companies must sometimes consider out-of-state options for storage of inventory, outsourcing some parts of their manufacturing processes, or relocating their entire operation to another state.

H.J.R. 133 seeks to provide tax relief to manufacturers who must hold aircraft parts in inventory for extended periods to support the design, assembly, completion, and shipment of complex goods.

H.J.R. 133 proposes 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.

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 1-j, Article VIII, Texas Constitution, by amending Subsection (a) and adding Subsection (d), as follows:

(a) Provides that, to promote economic development in the State, goods, wares, merchandise, other tangible personal property, and ores, other than oil, natural gas, and other petroleum products, are exempt from ad valorem taxation by a political subdivision of this State if:

(1)-(2) Makes no change to these subdivisions; and

(3) the property is transported outside of this State not later than:

(A) 175 days after the date the person acquired or imported the property in this State; or

(B) if applicable, a later date established by the governing body of the political subdivision under Subsection (d) of this section.

(d) Authorizes the governing body of a political subdivision, in the manner provided by law for official action, to extend the date by which aircraft parts exempted from ad valorem taxation under this section are required to be transported outside the State to a

date not later than the 730th day after the date the person acquired or imported the aircraft parts in this State. Provides that an extension adopted by official action under this subsection applies only to the exemption from ad valorem taxation by the political subdivision adopting the extension. Authorizes the legislature by general law to provide the manner by which the governing body may extend the period of time as authorized by this subsection.

SECTION 2. Provides that the following temporary provision is added to the Texas Constitution:

TEMPORARY PROVISION. (a) Provides that this temporary provision applies to the constitutional amendment proposed by the 83rd Legislature, Regular Session, 2013, 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.

(b) Effective date, the amendment to Section 1-j(a), Article VIII, Texas Constitution and the addition of Section 1-j(d), Article VIII, Texas Constitution: January 1, 2014. Provides that this Act applies only to a tax year that begins on or after that date.

(c) Provides that this temporary provision expires January 1, 2015.

SECTION 3. Requires that the proposed constitutional amendment be submitted to the voters at an election to be held November 5, 2013. Sets forth the required language of the ballot.