

By: Davis of Dallas

H.B. No. 578

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the sales tax.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

4 SECTION 1. The following sections of the Tax Code are
5 repealed:

- 6 (1) 151.3021;
- 7 (2) 151.3101;
- 8 (3) 151.315;
- 9 (4) 151.316;
- 10 (5) 151.3162;
- 11 (6) 151.317;
- 12 (7) 151.318;
- 13 (8) 151.3181;
- 14 (9) 151.3185;
- 15 (10) 151.319;
- 16 (11) 151.320;
- 17 (12) 151.322;
- 18 (13) 151.324;
- 19 (14) 151.325;
- 20 (15) 151.328(b) and (d);
- 21 (16) 151.329;
- 22 (17) 151.3291;
- 23 (18) 151.331;
- 24 (19) 151.335;

1 (20) 151.342;

2 (21) 151.351;

3 (22) 151.355, as added by Chapter 966, Acts of the 77th
4 Legislature, Regular Session, 2001;

5 (23) 151.355, as added by Chapter 1234, Acts of the
6 77th Legislature, Regular Session, 2001; and

7 (24) 151.429.

8 SECTION 2. Subchapter H, Chapter 151, Tax Code, is amended
9 by adding Section 151.3171 to read as follows:

10 Sec. 151.3171. RESIDENTIAL GAS AND ELECTRICITY. (a) In
11 this section, "residential use" means use:

12 (1) in a family dwelling or in a multifamily apartment
13 or housing complex or building or in a part of a building occupied
14 as a home or residence when the use is by the owner of the dwelling,
15 apartment, complex, or building or part of the building occupied;
16 or

17 (2) in a dwelling, apartment, house, or building or
18 part of a building occupied as a home or residence when the use is by
19 a tenant who occupies the dwelling, apartment, house, or building
20 or part of a building under a contract for an express initial term
21 for longer than 29 consecutive days.

22 (b) Gas and electricity are exempted from the taxes imposed
23 by this chapter when sold for residential use.

24 (c) The sale, production, distribution, lease, or rental
25 of, and the use, storage, or other consumption in this state of, gas
26 and electricity sold for residential use are exempted from the
27 taxes imposed by a municipality under Chapter 321 except as

1 provided by Section 321.105.

2 (d) Natural gas or electricity used during a regular monthly
3 billing period for both exempt and taxable purposes under a single
4 meter is totally exempt or taxable based on the predominant use of
5 the natural gas or electricity measured by that meter. The
6 comptroller may prescribe by rule the procedures by which a
7 purchaser must establish the predominant use of the natural gas or
8 electricity.

9 SECTION 3. (a) This Act takes effect July 1, 2003, if it
10 receives a vote of two-thirds of all the members elected to each
11 house, as provided by Section 39, Article III, Texas Constitution.
12 If this Act does not receive the vote necessary for effect on that
13 date, this Act takes effect October 1, 2003.

14 (b) The change in law made by this Act does not affect taxes
15 imposed before the effective date of this Act, and the law in effect
16 before the effective date of this Act is continued in effect for
17 purposes of the liability for and collection of those taxes.