

By: Hunter

H.B. No. 3361

A BILL TO BE ENTITLED

AN ACT

relating to an exemption from the sales and use tax for certain job creation activities.

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

SECTION 1. Subchapter H, Chapter 151, Tax Code, is amended by adding Section 151.366 to read as follows:

Sec. 151.366. CERTAIN JOB CREATION ACTIVITIES. (a) In this section:

(1) "Qualifying job" means a new permanent full-time job that:

(A) requires at least 1,600 hours of work each year;

(B) pays at least 110 percent of the county average weekly wage for the county where the job is located;

(C) is covered by a group health benefit plan for which the employer pays at least 80 percent of the premiums or other charges assessed under the plan for the employee;

(D) is not transferred from one area in this state to another area in this state; and

(E) is not created to replace a previous employee.

(2) "Starting date of the business or activity" means the date tangible personal property is first sold, leased, or rented to or stored, used, or consumed by a person in the county in

1 which the business or activity is being established for the purpose
2 of qualifying the person for the exemption under this section.

3 (b) Tangible personal property sold, leased, or rented to or
4 stored, used, or consumed by a person is exempted from the taxes
5 imposed by this chapter as provided by this section if:

6 (1) the person establishes a new business or other
7 activity in a county with a population of less than 140,000;

8 (2) the business or activity creates a minimum of 10
9 qualifying jobs before the first anniversary of the starting date
10 of the business or activity; and

11 (3) the property is sold, leased, or rented to or
12 stored, used, or consumed by the person in the county for the
13 purpose of establishing the business or other activity.

14 (c) The exemption provided by this section begins on the
15 starting date of the business or activity and ends on the first
16 anniversary of that date.

17 (d) The comptroller shall promulgate a form by which a
18 person may apply for an application under this section. The
19 comptroller may require that the person submitting the application
20 include any information and documentation that the comptroller
21 considers necessary to determine whether the person qualifies for
22 an exemption under this section.

23 (e) A person is eligible for the exemption under this
24 section only if the person applies to the comptroller, provides to
25 the comptroller all information and documentation requested by the
26 comptroller, and the comptroller approves the application. The
27 comptroller may approve the application only if the person

1 establishes that the business or other activity meets or is likely
2 to meet the requirements of Subsection (b).

3 (f) The comptroller may reevaluate and approve or not
4 approve an application for an exemption under this section on or
5 before the first anniversary of the date the exemption period ends
6 as provided by Subsection (c). A person whose application is not
7 approved is liable for any tax previously exempted under this
8 section and a person whose application is approved is entitled to a
9 credit for any tax paid but subject to the exemption under this
10 section.

11 (g) The comptroller may adopt rules to implement and
12 administer this section.

13 SECTION 2. The change in law made by this Act does not
14 affect taxes imposed before the effective date of this Act, and the
15 law in effect before the effective date of this Act is continued in
16 effect for purposes of the liability for and collection of those
17 taxes.

18 SECTION 3. This Act takes effect July 1, 2005, if it
19 receives a vote of two-thirds of all the members elected to each
20 house, as provided by Section 39, Article III, Texas Constitution.
21 If this Act does not receive the vote necessary for effect on that
22 date, this Act takes effect October 1, 2005.