

By: Brown of Kaufman

H.B. No. 507

A BILL TO BE ENTITLED

AN ACT

1
2 relating to an exemption from the sales and use tax for certain
3 fund-raising sales conducted by a nonprofit organization that
4 operates to benefit the patients of a state mental hospital.

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

6 SECTION 1. Section 151.310, Tax Code, is amended by adding
7 Subsection (c-1) and amending Subsection (d) to read as follows:

8 (c-1) Notwithstanding Subsection (c), an organization that
9 qualifies for an exemption under Subsection (a)(2) and that
10 operates to benefit the patients of the second state mental
11 hospital built in this state may hold a tax-free sale or auction
12 under this subsection once during each calendar month and each
13 tax-free sale or auction may continue for one day only. The sale of
14 a taxable item the sales price of which is \$5,000 or less by a
15 qualified organization at a tax-free sale or auction is exempted
16 from the sales tax imposed by Subchapter C, except that a taxable
17 item manufactured by or donated to the qualified organization may
18 be sold tax free regardless of the sales price to any purchaser
19 other than the donor. The storage, use, or consumption of a taxable
20 item that is acquired from a qualified organization at a tax-free
21 sale or auction and that is exempted under this subsection from the
22 taxes imposed by Subchapter C is exempted from the use tax imposed
23 by Subchapter D until the item is resold or subsequently
24 transferred.

1 (d) If two or more organizations jointly hold a tax-free
2 sale or auction under Subsection (c), each organization may hold
3 one additional tax-free sale or auction during the calendar year in
4 which the joint sale or auction is held. The employment of and
5 payment of a reasonable fee to an auctioneer to conduct a tax-free
6 auction does not disqualify an otherwise qualified organization
7 from receiving the exemption provided by Subsection (c) or (c-1).

8 SECTION 2. The change in law made by this Act does not
9 affect tax liability accruing before the effective date of this
10 Act. That liability continues in effect as if this Act had not been
11 enacted, and the former law is continued in effect for the
12 collection of taxes due and for civil and criminal enforcement of
13 the liability for those taxes.

14 SECTION 3. This Act takes effect July 1, 2009, if it
15 receives a vote of two-thirds of all members elected to each house,
16 as provided by Section 39, Article III, Texas Constitution. If this
17 Act does not receive the vote necessary for effect on that date,
18 this Act takes effect September 1, 2009.