

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

24 (d) If two or more organizations jointly hold a tax-free

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

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

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