

1-1 By: Brown of Kaufman (Senate Sponsor - Deuell) H.B. No. 507
1-2 (In the Senate - Received from the House May 18, 2009;
1-3 May 19, 2009, read first time and referred to Committee on Finance;
1-4 May 22, 2009, reported favorably by the following vote: Yeas 10,
1-5 Nays 0; May 22, 2009, sent to printer.)

1-6 A BILL TO BE ENTITLED
1-7 AN ACT

1-8 relating to an exemption from the sales and use tax for certain
1-9 fund-raising sales conducted by a nonprofit organization that
1-10 operates to benefit the patients of a state mental hospital.

1-11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-12 SECTION 1. Section 151.310, Tax Code, is amended by adding
1-13 Subsection (c-1) and amending Subsection (d) to read as follows:

1-14 (c-1) Notwithstanding Subsection (c), an organization that
1-15 qualifies for an exemption under Subsection (a)(2) and that
1-16 operates to benefit the patients of the second state mental
1-17 hospital built in this state may hold a tax-free sale or auction
1-18 under this subsection once during each calendar month and each
1-19 tax-free sale or auction may continue for one day only. The sale of
1-20 a taxable item the sales price of which is \$5,000 or less by a
1-21 qualified organization at a tax-free sale or auction is exempted
1-22 from the sales tax imposed by Subchapter C, except that a taxable
1-23 item manufactured by or donated to the qualified organization may
1-24 be sold tax free regardless of the sales price to any purchaser
1-25 other than the donor. The storage, use, or consumption of a taxable
1-26 item that is acquired from a qualified organization at a tax-free
1-27 sale or auction and that is exempted under this subsection from the
1-28 taxes imposed by Subchapter C is exempted from the use tax imposed
1-29 by Subchapter D until the item is resold or subsequently
1-30 transferred.

1-31 (d) If two or more organizations jointly hold a tax-free
1-32 sale or auction under Subsection (c), each organization may hold
1-33 one additional tax-free sale or auction during the calendar year in
1-34 which the joint sale or auction is held. The employment of and
1-35 payment of a reasonable fee to an auctioneer to conduct a tax-free
1-36 auction does not disqualify an otherwise qualified organization
1-37 from receiving the exemption provided by Subsection (c) or (c-1).

1-38 SECTION 2. The change in law made by this Act does not
1-39 affect tax liability accruing before the effective date of this
1-40 Act. That liability continues in effect as if this Act had not been
1-41 enacted, and the former law is continued in effect for the
1-42 collection of taxes due and for civil and criminal enforcement of
1-43 the liability for those taxes.

1-44 SECTION 3. This Act takes effect July 1, 2009, if it
1-45 receives a vote of two-thirds of all members elected to each house,
1-46 as provided by Section 39, Article III, Texas Constitution. If this
1-47 Act does not receive the vote necessary for effect on that date,
1-48 this Act takes effect September 1, 2009.

1-49 * * * * *