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By: Gonzalez Toureilles (Senate Sponsor - Seliger) H.B. No. 3144 (In the Senate - Received from the House May 7, 2009; May 8, 2009, read first time and referred to Committee on Finance;
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      May 26, 2009, reported adversely, with favorable Committee
       Substitute by the following vote: Yeas 14, Nays 0; May 26, 2009,
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      sent to printer.)
      COMMITTEE SUBSTITUTE FOR H.B. No. 3144
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                                                                    By: Seliger
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                                 A BILL TO BE ENTITLED
                                         AN ACT
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1-10
      relating to an exemption from the sales and use tax for property
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      used in agricultural operations and for aircraft used in connection
1-12
       with agriculture.
             BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
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                    SECTION 1. Section 151.316(a), Tax Code, is amended to
      read as follows:
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              (a) The following items are exempted from the taxes imposed
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      by this chapter:
                         horses, mules, and work animals; animal life the products of which ordinarily
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                    (1)
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1-20
                    (2)
       constitute food for human consumption;
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                         feed for farm and ranch animals;
                    (3)
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                    (4)
                         feed for animals that are held for sale in the
      regular course of business;
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                         seeds and annual plants the products of which:
                               ordinarily
                                             constitute
                                                             food
                          (A)
                                                                     for
                                                                            human
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      consumption;
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                          (B)
                                are to be sold in the regular course of
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      business; or
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                          (C)
                               are used to produce feed for animals exempted
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      by this section;
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                         fertilizers,
                                               fungicides,
                                                                   insecticides,
      herbicides,
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                     defoliants, and desiccants exclusively used or
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      employed on a farm or ranch in the production of:
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                          (A)
                               food for human consumption;
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                               feed for animal life; or
                          (B)
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                          (C)
                               other agricultural products to be sold in the
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      regular course of business;
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      (7) machinery and equipment exclusively used or employed on a farm or ranch in the building or maintaining of roads
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      or water facilities or in the production of:
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                          (A)
                               food for human consumption;
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                                grass;
                          (B)
                          (C)
                               feed for animal life; or
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1-44
                          (D)
                               other agricultural products to be sold in the
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      regular course of business;
                  (8) machinery and equipment exclusively used in, and control equipment required as a result of, the
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      pollution
      processing, packing, or marketing of agricultural products by an original producer at a location operated by the original producer
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      for processing, packing, or marketing the producer's own products
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                              50 percent or more of the products processed,
                          (A)
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      packed, or marketed at or from the location are produced by the
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      original producer and not purchased or acquired from others; and
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                         (B) the producer does not process, pack,
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      market for consideration any agricultural products that belong to
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      other persons in an amount greater than five percent of the total
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      agricultural products processed, packed, or marketed by the
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      producer; [and]
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in the storing of aquatic species including but not limited to

shrimp, other crustaceans, finfish, mollusks, and other similar

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(9)

creatures<u>;</u>

ice exclusively used by commercial fishing boats

C.S.H.B. No. 3144

(10) tangible personal property, including a tire, sold or used to be installed as a component part of a motor vehicle, machinery, or other equipment exclusively used or employed on a farm or ranch in the building or maintaining of roads or water

facilities or in the production of:

(A) food for human consumption;

(B) grass;

(C) feed or animal life; or

(D) other agricultural products to be sold in the

regular course of business;

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(11) machinery and equipment exclusively used in an agricultural aircraft operation, as defined by 14 C.F.R. Section 137.3; and

(12) tangible personal property used for or incorporated into a structure that is used for the disposal of poultry carcasses in accordance with Section 26.303, Water Code.

SECTION 2. The change in law made by this Act by the amendment of Section 151.316(a), Tax Code, does not affect tax

SECTION 2. The change in law made by this Act by the amendment of Section 151.316(a), Tax Code, does not affect tax liability accruing before the effective date of this Act. That liability continues in effect as if this Act had not been enacted, and the former law is continued in effect for the collection of taxes due and for civil and criminal enforcement of the liability for those taxes.

SECTION 3. The changes in law made by this Act to Section 151.328, Tax Code, are a clarification of existing law and do not imply that the former law may be construed as inconsistent with the law as amended by this Act.

SECTION 4. This Act takes effect September 1, 2009.

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