

BILL ANALYSIS

C.S.H.B. 2187
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Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The retail marine industry provides significant economic benefits to regions along the Texas coast. Interested parties report that several states have recently made changes to their state tax structure to create a more boater-friendly environment, and the parties assert that this has placed Texas at a competitive disadvantage, harmed sales tax revenue, and jeopardized marine industry jobs and jobs at ancillary businesses. C.S.H.B. 2187 seeks to implement similar changes relating to the imposition of and a limitation on the sales tax imposed on certain vessels to allow Texas to remain competitive with other states and to retain jobs in the state.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the comptroller of public accounts in SECTION 3 of this bill.

ANALYSIS

C.S.H.B. 2187 amends the Tax Code to exempt from the tax on the retail sale of taxable boats and motors the sale of a boat or motor that is sold in Texas for use in another state or nation and is removed from Texas not more than 10 days after the date of purchase. The bill also exempts the sale of a boat or motor that is sold in Texas for use in another state or nation, is docked at or placed in a boat repair facility registered with the comptroller of public accounts for repairs or modifications not later than the 10th day after the date the boat or motor is purchased, is not used by a person while it is being repaired or modified except as necessary to test the repairs or modifications, and is removed from Texas not more than 20 days after the date the repairs or modifications are finished. The bill requires the comptroller of public accounts to adopt rules and procedures to implement the sales tax exemption. The bill prohibits the retail sales tax imposed on the sale of a taxable boat or motor sold in Texas from exceeding \$18,000.

C.S.H.B. 2187 redefines "boat" to include a vessel not used for commercial shipping.

C.S.H.B. 2187 amends the Parks and Wildlife Code to make a conforming change.

EFFECTIVE DATE

September 1, 2011.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 2187 differs from the original by capping the retail sales tax imposed on the sale of a taxable boat or motor sold in Texas at \$18,000, whereas the original caps the tax at \$15,625.