

By: Duncan

S.B. No. 1721

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the exemption from the sales and use tax for tangible
3 personal property or a taxable service that is resold or otherwise
4 transferred.

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

6 SECTION 1. Section 151.006, Tax Code, is amended by
7 amending Subsection (a) and adding Subsection (c) to read as
8 follows:

9 (a) "Sale for resale" means a sale of:

10 (1) tangible personal property or a taxable service to
11 a purchaser who acquires the property or service for the purpose of
12 reselling it with or as a taxable item in the United States of
13 America or a possession or territory of the United States of America
14 or in the United Mexican States in the normal course of business in
15 the form or condition in which it is acquired or as an attachment to
16 or integral part of other tangible personal property or taxable
17 service;

18 (2) tangible personal property to a purchaser for the
19 sole purpose of the purchaser's leasing or renting it in the United
20 States of America or a possession or territory of the United States
21 of America or in the United Mexican States in the normal course of
22 business to another person, but not if incidental to the leasing or
23 renting of real estate;

24 (3) tangible personal property to a purchaser who

1 acquires the property for the purpose of transferring it in the
2 United States of America or a possession or territory of the United
3 States of America or in the United Mexican States as an integral
4 part of a taxable service; ~~or~~

5 (4) a taxable service performed on tangible personal
6 property that is held for sale by the purchaser of the taxable
7 service; or

8 (5) tangible personal property to a purchaser who
9 acquires the property for the sole purpose of transferring it as an
10 integral part of performing a contract with the federal government
11 only if the purchaser:

12 (A) allocates to the contract the cost of the
13 property as a direct or indirect cost;

14 (B) bills the cost of the property to the federal
15 government for reimbursement; and

16 (C) transfers title to the property to the
17 federal government under the contract and applicable federal
18 acquisition regulations.

19 (c) Except as otherwise provided by this chapter, a sale for
20 resale does not include the sale of tangible personal property or a
21 taxable service to a purchaser who acquires the property or service
22 for the purpose of performing a service that is not subject to
23 taxation under this chapter, regardless of whether title transfers
24 to the purchaser's customer.

25 SECTION 2. This Act takes effect immediately if it receives
26 a vote of two-thirds of all the members elected to each house, as
27 provided by Section 39, Article III, Texas Constitution. If this

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1 Act does not receive the vote necessary for immediate effect, this

2 Act takes effect September 1, 2011.