

**BILL ANALYSIS**

C.S.H.B. 826  
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Ways & Means  
Committee Report (Substituted)

**BACKGROUND AND PURPOSE**

Recent legislation set out the method for appraising a heavy equipment dealer's inventory for property tax purposes. Interested parties contend that while the legislation imposed a single appraisal standard and created consistent valuations of a dealer's inventory, it also inadvertently included entities that were not intended to be included under the new structure, such as leasing companies and banks that act as financial institutions. These entities do not maintain locations open to the public in which inventory is available for sale, lease, or rent. C.S.H.B. 826 seeks to clarify which entities are considered heavy equipment dealers for property tax purposes.

**RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

**ANALYSIS**

C.S.H.B. 826 amends the Tax Code to specify, for purposes of the property tax appraisal of a heavy equipment dealer's inventory, that the term "dealer" does not include a bank, savings bank, savings and loan association, credit union, or other finance company. The bill specifies that the term, for purposes of taxation of a person's inventory of heavy duty equipment in a tax year, does not include a person who renders the person's inventory of heavy equipment for taxation in that tax year by filing a rendition statement or property report. The bill specifies that for items of heavy equipment that a dealer holds for sale, lease, or rent during a 12-month period to be considered "dealer's heavy equipment inventory" the dealer must so hold the items in Texas.

**EFFECTIVE DATE**

January 1, 2014.

**COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 826 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and highlighted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

**INTRODUCED**

SECTION 1. Section 23.1241(a), Tax Code, is amended by amending Subdivisions (1) and (2) and adding Subdivision (1-a) to read as follows:

(1) "Business location" or "location at which the dealer conducts business" does

**HOUSE COMMITTEE SUBSTITUTE**

SECTION 1. Sections 23.1241(a)(1) and (2), Tax Code, are amended to read as follows:

not include a facility that is owned and controlled by a person who is not a dealer and is used to store or warehouse heavy equipment.

(1-a) "Dealer" means a person whose primary ~~engaged in the~~ business in this state consists of selling, leasing, or renting heavy equipment and who operates a business location in this state that is open to the public and at which the person holds inventory that is available for sale, lease, or rent.

(2) "Dealer's heavy equipment inventory" means all items of heavy equipment that a dealer owns and holds in the dealer's physical possession and that are available for sale, lease, or rent at the dealer's business location in this state during a 12-month period.

SECTION 2. This Act applies only to ad valorem taxes imposed for a tax year beginning on or after the effective date of this Act.

SECTION 3. This Act takes effect January 1, 2014.

(1) "Dealer" means a person engaged in the business in this state of selling, leasing, or renting heavy equipment. The term does not include a bank, savings bank, savings and loan association, credit union, or other finance company. In addition, for purposes of taxation of a person's inventory of heavy equipment in a tax year, the term does not include a person who renders the person's inventory of heavy equipment for taxation in that tax year by filing a rendition statement or property report in accordance with Chapter 22.

(2) "Dealer's heavy equipment inventory" means all items of heavy equipment that a dealer holds for sale, lease, or rent in this state during a 12-month period.

SECTION 2. Same as introduced version.

SECTION 3. Same as introduced version.