

BILL ANALYSIS

Senate Research Center
83R17530 ADM-F

H.B. 1133
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Finance
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Interested parties observe that, for more than 30 years, Texas has exempted property used in the manufacturing process from the sales and use tax, with roundly successful results. Texas continues to be a national leader in manufacturing output and jobs. H.B. 1133 proposes a sales and use tax refund for property used in connection with cable television service, Internet access service, or telecommunications services, with the intention of spurring new economic activity, creating new jobs, improving broadband services, and restoring Texas' competitive advantages over other states when it comes to investment in such services.

H.B. 1133 amends current law relating to a sales and use tax refund for tangible personal property used to provide cable television service, Internet access service, or telecommunications services and to the exclusion of that property in certain economic development agreements.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter H, Chapter 151, Tax Code, by adding Section 151.3186, as follows:

Sec. 151.3186. PROPERTY USED IN CABLE TELEVISION, INTERNET ACCESS, OR TELECOMMUNICATIONS SERVICES. (a) Defines "provider" in this section.

(b) Entitles a provider to a refund of the tax imposed by this chapter on the sale, lease, or rental or storage, use, or other consumption of tangible personal property if:

(1) the property is sold, leased, or rented to or stored, used, or consumed by a provider or a subsidiary of a provider; and

(2) the property is directly used or consumed by the provider or subsidiary described by Subdivision (1) in or during the distribution of cable television service, the provision of Internet access service, or the transmission, conveyance, routing, or reception of telecommunications services.

(c) Provides that notwithstanding Subsection (b), property directly used or consumed in or during the provision, creation, or production of a data processing service or information service is not eligible for a refund under this section.

(d) Provides that the amount of the refund to which a provider or subsidiary, as described by Subsection (b)(1), is entitled under this section for a calendar year is equal to:

(1) the amount of the tax paid by the provider or subsidiary during the calendar year on property eligible for a refund under this section, if the total amount of tax paid by all providers and subsidiaries described by Subsection (b)(1) that are eligible for a refund under this section is not more than \$50 million for the calendar year; or

(2) a pro rata share of \$50 million, if the total amount of tax paid by all providers and subsidiaries described by Subsection (b)(1) that are eligible for a refund under this section is more than \$50 million for the calendar year.

(e) Provides that the refund provided by this section does not apply to the taxes imposed under Subtitle C (Local Sales and Use Taxes), Title 3 (Local Taxation).

SECTION 2. Amends Section 313.021(2), Tax Code, to redefine "qualified property."

SECTION 3. Provides that the change in law made by this Act does not affect tax liability accruing before the effective date of this Act. Provides that tax liability accruing before the effective date of this Act continues in effect as if this Act had not been enacted, and 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 4. Effective date: September 1, 2013.