

BILL ANALYSIS

Senate Research Center

S.B. 997
By: Deuell
Economic Development
7/22/2013
Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The 81st Legislature changed the sourcing rules for local sales and use taxes for warehouse and distribution centers. Certain economic development agreements in place at the time were adversely affected by the change enacted by the legislature. Because of this adverse impact, certain contractual agreements in place at the time were registered with the comptroller of public accounts of the State of Texas (comptroller) and allowed to continue for a limited period.

This bill seeks to extend the time period that certain economic development agreements registered with the comptroller are allowed to continue using the sourcing rules in effect prior to the 81st Legislature.

S.B. 997 amends current law relating to the sales and use tax consequences of economic development agreements made by certain municipalities.

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 Section 321.203, Tax Code, by adding Subsections (c-4) and (c-5), as follows:

(c-4) Provides that Subsection (c) (relating to providing that if a retailer has more than one place of business in this state, each sale of each taxable item by the retailer is consummated at the place of business of the retailer in this state where the retailer first receives the order, provided that the order is placed in person by the purchaser or lessee of the taxable item at the place of business of the retailer in this state where the retailer first receives the order) does not apply if:

(1) the taxable item is shipped or delivered from a warehouse:

(A) located in a municipality with a population of 5,000 or less;

(B) that is a place of business of the retailer;

(C) in relation to which the retailer has an economic development agreement with the municipality that was entered into under Chapter 380 (Miscellaneous Provisions Relating to Municipal Planning and Development), 504 (Type A Corporations), or 505 (Type B Corporations), Local Government Code, or a predecessor statute, before January 1, 2009; and

(D) in relation to which the municipality provided information relating to the economic development agreement as required by Subsection (c-3) (relating to requiring a municipality that has entered into a certain economic development agreement to send to the comptroller of public

accounts of the State of Texas (comptroller) certain information prescribed by the comptroller), as that subsection existed immediately before its expiration; and

(2) the place of business of the retailer at which the retailer first receives the order in the manner described by Subsection (c) is a retail outlet identified in the information required by Subsection (c-3), as that subsection existed immediately before its expiration, as being served by the warehouse on January 1, 2009.

(c-5) Provides that this subsection and Subsection (c-4) expire September 1, 2024.

SECTION 2. Amends Section 323.203, Tax Code, by adding Subsections (c-4) and (c-5), as follows:

(c-4) Provides that Subsection (c) (relating to providing that if a retailer has more than one place of business in this state, each sale of each taxable item by the retailer is consummated at the place of business of the retailer in this state where the retailer first receives the order) does not apply if:

(1) the taxable item is shipped or delivered from a warehouse:

(A) located in a municipality with a population of 5,000 or less;

(B) that is a place of business of the retailer;

(C) in relation to which the retailer has an economic development agreement with the municipality that was entered into under Chapter 380, 504, or 505, Local Government Code, or a predecessor statute, before January 1, 2009; and

(D) in relation to which the municipality provided information relating to the economic development agreement as required by Section 321.203(c-3) (relating to requiring a municipality that has entered into an economic development agreement to send to the comptroller information prescribed by the comptroller relating to the agreement that identifies each warehouse subject to the agreement and each retail outlet that was served by that warehouse), as that subsection existed immediately before its expiration; and

(2) the place of business of the retailer at which the retailer first receives the order in the manner described by Subsection (c) is a retail outlet identified in the information required by Section 321.203(c-3), as that subsection existed immediately before its expiration, as being served by the warehouse on January 1, 2009.

(c-5) Provides that this subsection and Subsection (c-4) expire September 1, 2024.

SECTION 3. Effective date: upon passage or September 1, 2013.