

## **BILL ANALYSIS**

C.S.S.B. 997  
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Ways & Means  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Recent legislation revised the method for determining the place at which a sale is consummated for purposes of local sales and use taxes for warehouse and distribution centers. Certain economic development agreements in place at the time were adversely affected by this change. Interested parties note that because of this adverse impact, certain contractual agreements in place at the time were registered with the comptroller of public accounts and allowed to continue under the previous law for a limited period. C.S.S.B. 997 seeks to extend the period during which certain economic development agreements registered with the comptroller will be allowed to continue using the method under previous law.

### **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.S.B. 997 amends the Tax Code to add temporary provisions, set to expire September 1, 2024, to make statutory provisions establishing the place of business in Texas where a retailer first receives an order, if the retailer that has more than one place of business in Texas, as the point where the sale of a taxable item is consummated for purposes of a municipal or county sales tax inapplicable if the following conditions apply:

- the taxable item is shipped or delivered from a warehouse that is located in a municipality with a population of 5,000 or less; that is a place of business of the retailer; that in relation to which the retailer has an economic development agreement with the municipality that was entered into under certain Local Government Code provisions, or a predecessor statute, before January 1, 2009; and that in relation to which the municipality provided to the comptroller of public accounts the required information identifying each warehouse subject to the agreement and each retail outlet served by that warehouse; and
- the retailer's place of business at which the retailer first receives the order is a retail outlet identified in the information provided to the comptroller as being served by the warehouse on January 1, 2009.

### **EFFECTIVE DATE**

On passage, or, if the bill does not receive the necessary vote, September 1, 2013.

### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.S.B. 997 may differ from the engrossed version in minor or nonsubstantive ways, the following comparison is organized and highlighted in a manner that indicates the substantial differences between the engrossed and committee substitute versions of the bill.

SENATE ENGROSSED

SECTION 1. Section 321.203, Tax Code, is amended.

No equivalent provision.

SECTION 2. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2013.

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Same as engrossed version.

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

(c-4) Subsection (c) 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), 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) This subsection and Subsection (c-4) expire September 1, 2024.

SECTION 3. Same as engrossed version.