

BILL ANALYSIS

Senate Research Center

S.B. 1151
By: Hinojosa
Finance
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Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The purpose of S.B. 1151 is to provide certainty and clarification to consumers and retailers with respect to the sales tax treatment of snack items while providing the state with a reliable revenue source and to ensure consistent sales tax treatment of various items between restaurants and grocery/convenience stores.

S.B. 1151 amends current law relating to sales and use tax treatment of certain snack items.

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 151.314, Tax Code, by amending Subsection (b) and adding Subsections (b-1) and (h), as follows:

(b) Requires that snack items be included in the definition of "food products."

(b-1) Defines, for the purposes of this section, "snack items" to include:

- (1) breakfast bars, granola bars, nutrition bars, sports bars, protein bars, or yogurt bars, unless labeled and marketed as candy;
- (2) snack mix or trail mix;
- (3) nuts, unless candy-coated;
- (4) popcorn; and
- (5) chips, crackers, or hard pretzels.

(h) Provides that the exemption provided by Subsection (a) (relating to exempting food products for human consumption from the taxes imposed by this chapter) does not apply to a snack item if the item is sold through a vending machine or is sold in individual-sized portions. Provides that, for the purposes of this subsection, an individual-sized portion is a portion that is labeled as having not more than one serving, or contains less than 2.5 ounces, if the package does not specify the number of servings.

SECTION 2. 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 that accrues before the effective date of this Act continues in effect as if this Act had not been enacted, and the 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 3. Effective date: September 1, 2013.