BILL ANALYSIS

S.B. 1533
By: Carona
Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Recent legislation sought to address a problem created when a business establishes a billing office as a means to move the sales tax from one jurisdiction to another for economic benefit, while not actually doing business in that location. According to interested parties, it was made clear through legislative intent during the passage of this legislation that the bill was not intended to impact traditional purchasing companies that had a significant economic presence in a community and also had established certain incentive agreements with local governments; however, the parties contend that certain guidelines issued subsequent to the passage of, and based on the language in, that legislation have, in fact, had such unintended consequences.

S.B. 1533 seeks to provide clarification regarding municipal sales and use tax remittances by certain retailers consistent with the legislative intent of ensuring that the law does not impact traditional purchasing companies that have a significant economic presence in a community.

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

S.B. 1533 amends the Tax Code to establish that an outlet, office, facility, or location, as it relates to the definition of a retailer's place of business in the Municipal Sales and Use Tax Act, does not exist to avoid the municipal sales or use tax legally due or solely to rebate a portion of that tax if the outlet, office, facility, or location provides significant business services, beyond processing invoices, to the contracting business, including logistics management, purchasing, inventory control, or other vital business services.

EFFECTIVE DATE

September 1, 2013.