

By: Gonzales

H.B. No. 1003

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the prepayment of taxes on heavy equipment that is
3 subject to a lease or rental.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 23.1242(b), Tax Code, is amended to read
6 as follows:

7 (b) Except for an item of heavy equipment sold to a dealer,
8 an item of heavy equipment included in a fleet transaction, an item
9 of heavy equipment that is the subject of a subsequent sale, or an
10 item of heavy equipment that is subject to a lease or rental, an
11 owner or a person who has agreed by contract to pay the owner's
12 current year property taxes levied against the owner's heavy
13 equipment inventory shall assign a unit property tax to each item of
14 heavy equipment sold from a dealer's heavy equipment inventory. In
15 the case of a lease or rental, the owner shall assign a unit
16 property tax to each item of heavy equipment leased or rented. The
17 unit property tax of each item of heavy equipment is determined by
18 multiplying the sales price of the item or the monthly lease or
19 rental payment received for the item, as applicable, by the unit
20 property tax factor. Except as otherwise provided by this
21 subsection, if [~~if~~] the transaction is a lease or rental, the owner
22 shall collect the unit property tax from the lessee or renter at the
23 time the lessee or renter submits payment for the lease or
24 rental. The owner of the equipment shall state the amount of the

1 unit property tax assigned as a separate line item on an
2 invoice. If the item of heavy equipment is leased or rented to the
3 state or a political subdivision of the state, the owner of the
4 equipment may not collect the unit property tax from the lessee or
5 renter and may not include the amount of the unit property tax
6 assigned as a separate line item on an invoice provided to the
7 lessee or renter. On or before the 10th day of each month the owner
8 shall, together with the statement filed by the owner as required by
9 this section, deposit with the collector an amount equal to the
10 total of unit property tax assigned to all items of heavy equipment
11 sold, leased, or rented from the dealer's heavy equipment inventory
12 in the preceding month to which a unit property tax was
13 assigned. The money shall be deposited by the collector to the
14 credit of the owner's escrow account for prepayment of property
15 taxes as provided by this section. An escrow account required by
16 this section is used to pay property taxes levied against the
17 dealer's heavy equipment inventory, and the owner shall fund the
18 escrow account as provided by this subsection.

19 SECTION 2. The change in law made by this Act applies only
20 to the collection of taxes by an owner of heavy equipment from
21 certain lessees or renters of that equipment that become due on or
22 after the effective date of this Act.

23 SECTION 3. This Act takes effect September 1, 2013.