

By: Alvarado

H.B. No. 2941

A BILL TO BE ENTITLED

AN ACT

relating to a sales and use tax exemption for certain property and services used in research and development activities performed in conjunction with institutions of higher education.

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

SECTION 1. Subchapter H, Chapter 151, Tax Code, is amended by adding Section 151.3182 to read as follows:

Sec. 151.3182. CERTAIN PROPERTY AND SERVICES USED IN RESEARCH AND DEVELOPMENT ACTIVITIES. (a) In this section:

(1) "Internal Revenue Code" means the Internal Revenue Code of 1986 in effect on December 31, 2011, excluding any changes made by federal law after that date, but including any regulations adopted under that code applicable to the tax year to which the provisions of the code in effect on that date applied.

(2) "Public or private institution of higher education" means:

(A) an institution of higher education, as defined by Section 61.003, Education Code; or

(B) a private or independent institution of higher education, as defined by Section 61.003, Education Code.

(3) "Qualified research" and "qualified service" have the meanings assigned by Section 41, Internal Revenue Code.

(b) The sale, storage, use, or other consumption of tangible personal property directly used or consumed in qualified research

1 or of qualified services is exempted from the taxes imposed by this  
2 chapter if the property or services are sold, leased, or rented to,  
3 or stored, used, or consumed by, a person engaged in qualified  
4 research under contracts with one or more public or private  
5 institutions of higher education.

6 SECTION 2. Section 151.3182, Tax Code, as added by this Act,  
7 does not affect tax liability accruing before the effective date of  
8 this Act. That liability continues in effect as if this Act had not  
9 been enacted, and the former law is continued in effect for the  
10 collection of taxes due and for civil and criminal enforcement of  
11 the liability for those taxes.

12 SECTION 3. This Act takes effect October 1, 2013.