

SENATE AMENDMENTS

2nd Printing

By: Harless

H.B. No. 826

A BILL TO BE ENTITLED

AN ACT

relating to the definitions of certain terms for purposes of the ad valorem taxation of certain dealer's heavy equipment inventory.

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

SECTION 1. Sections 23.1241(a)(1) and (2), Tax Code, are amended to read as follows:

(1) "Dealer" means a person engaged in the business in this state of selling, leasing, or renting heavy equipment. The term does not include a bank, savings bank, savings and loan association, credit union, or other finance company. In addition, for purposes of taxation of a person's inventory of heavy equipment in a tax year, the term does not include a person who renders the person's inventory of heavy equipment for taxation in that tax year by filing a rendition statement or property report in accordance with Chapter 22.

(2) "Dealer's heavy equipment inventory" means all items of heavy equipment that a dealer holds for sale, lease, or rent in this state during a 12-month period.

SECTION 2. This Act applies only to ad valorem taxes imposed for a tax year beginning on or after the effective date of this Act.

SECTION 3. This Act takes effect January 1, 2014.

ADOPTED

MAY 22 2013

Atty. Gen.
Secretary of the Senate

By: *K. Peltier*

H.B. No. 826

Substitute the following for H.B. No. 826:

By: *Jan Hoffman*

C.S. H.B. No. 826

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SECTION 1. Sections 23.1241(a)(1) and (2), Tax Code, are amended to read as follows:

(1) "Dealer" means a person engaged in the business in this state of selling, leasing, or renting heavy equipment. The term does not include a bank, savings bank, savings and loan association, credit union, or other finance company. In addition, for purposes of taxation of a person's inventory of heavy equipment in a tax year, the term does not include a person who renders the person's inventory of heavy equipment for taxation in that tax year by filing a rendition statement or property report in accordance with Chapter 22.

(2) "Dealer's heavy equipment inventory" means all items of heavy equipment that a dealer holds for sale, lease, or rent in this state during a 12-month period.

SECTION 2. The only purposes of this Act are to exclude certain financial institutions and other finance companies, as well as persons who render their inventory of heavy equipment for taxation in accordance with Chapter 22, Tax Code, from being required to comply with the requirements of Sections 23.1241, 23.1242, and 23.1243, Tax Code, as amended or added by Chapter 322

1 (H.B. 2476), Acts of the 82nd Legislature, Regular Session, 2011,
2 and to limit the definition of a dealer's heavy equipment inventory
3 for purposes of those sections of the Tax Code to items of heavy
4 equipment held for sale, lease, or rent in this state. This Act is
5 not intended to affect any litigation pending on the effective date
6 of this Act or filed on or after the effective date of this Act that
7 arises out of the changes in law made by Chapter 322 (H.B. 2476),
8 Acts of the 82nd Legislature, Regular Session, 2011.

9 SECTION 3. This Act applies only to ad valorem taxes imposed
10 for a tax year beginning on or after the effective date of this Act.

11 SECTION 4. This Act takes effect January 1, 2014.

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 22, 2013

TO: Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB826** by Harless (Relating to the definitions of certain terms for purposes of the ad valorem taxation of certain dealer's heavy equipment inventory.), **As Passed 2nd House**

To the extent that heavy equipment that is currently appraised as special inventory is appraised as normal inventory under the bill, there would be a gain to the state through the operation of the school finance formulas because the special appraisal provisions of the Tax Code provide a lower appraised value.

This bill would amend Chapter 23 of the Tax Code, regarding property taxation, appraisal methods and procedures.

The definition of a heavy equipment dealer would be amended to provide that the term does not include a bank, savings bank, savings and loan association, credit union, or other finance company. In addition, for purposes of taxation of a person's inventory of heavy equipment in a tax year, the term would not include a person who renders the person's inventory of heavy equipment for taxation in that year by filing a rendition statement or property report in accordance with Chapter 22 of the Tax Code.

The bill would amend the definition of "dealer's heavy equipment inventory" to mean all items of heavy equipment that a dealer holds for sale, lease or rent in this state during a 12 month period. The bill provides that the changes in the bill are not intended to affect any litigation pending on the effective date of this bill or filed on or after the effective date of this bill that arises out of the changes in law made by Chapter 322 (H.B. 2476), Acts of the 82nd Legislature, Regular Session, 2011.

To the extent that heavy equipment that is currently appraised as special inventory is appraised as normal inventory under the bill, there would be a gain to units of local government and to the state through the operation of the school finance formulas because the special appraisal provisions of the Tax Code provide a lower appraised value. Information is not available regarding the amount of heavy equipment inventory that would no longer qualify for special appraisal under the bill. Consequently, the amount of gain cannot be estimated.

The bill would take effect on January 1, 2014.

Local Government Impact

To the extent that heavy equipment that is currently appraised as special inventory is appraised as

normal inventory under the bill, there would be a gain to units of local government because the special appraisal provisions of the Tax Code provide a lower appraised value.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD, SJS

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 20, 2013

TO: Honorable Tommy Williams, Chair, Senate Committee on Finance

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB826 by Harless (relating to the definitions of certain terms for purposes of the ad valorem taxation of certain dealer's heavy equipment inventory.), **Committee Report 2nd House, Substituted**

To the extent that heavy equipment that is currently appraised as special inventory is appraised as normal inventory under the bill, there would be a gain to the state through the operation of the school finance formulas because the special appraisal provisions of the Tax Code provide a lower appraised value.

This bill would amend Chapter 23 of the Tax Code, regarding property taxation, appraisal methods and procedures.

The definition of a heavy equipment dealer would be amended to provide that the term does not include a bank, savings bank, savings and loan association, credit union, or other finance company. In addition, for purposes of taxation of a person's inventory of heavy equipment in a tax year, the term would not include a person who renders the person's inventory of heavy equipment for taxation in that year by filing a rendition statement or property report in accordance with Chapter 22 of the Tax Code.

The bill would amend the definition of "dealer's heavy equipment inventory" to mean all items of heavy equipment that a dealer holds for sale, lease or rent in this state during a 12 month period. The bill provides that the changes in the bill are not intended to affect any litigation pending on the effective date of this bill or filed on or after the effective date of this bill that arises out of the changes in law made by Chapter 322 (H.B. 2476), Acts of the 82nd Legislature, Regular Session, 2011.

To the extent that heavy equipment that is currently appraised as special inventory is appraised as normal inventory under the bill, there would be a gain to units of local government and to the state through the operation of the school finance formulas because the special appraisal provisions of the Tax Code provide a lower appraised value. Information is not available regarding the amount of heavy equipment inventory that would no longer qualify for special appraisal under the bill. Consequently, the amount of gain cannot be estimated.

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Local Government Impact

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Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD, SJS

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 8, 2013

TO: Honorable Tommy Williams, Chair, Senate Committee on Finance

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB826 by Harless (Relating to the definitions of certain terms for purposes of the ad valorem taxation of certain dealer's heavy equipment inventory.), **As Engrossed**

To the extent that heavy equipment that is currently appraised as special inventory is appraised as normal inventory under the bill, there would be a gain to the state through the operation of the school finance formulas because the special appraisal provisions of the Tax Code provide a lower appraised value.

This bill would amend Chapter 23 of the Tax Code, regarding property taxation, appraisal methods and procedures.

The definition of a heavy equipment dealer would be amended to provide that the term does not include a bank, savings bank, savings and loan association, credit union, or other finance company. In addition, for purposes of taxation of a person's inventory of heavy equipment in a tax year, the term would not include a person who renders the person's inventory of heavy equipment for taxation in that year by filing a rendition statement or property report in accordance with Chapter 22 of the Tax Code.

The bill would amend the definition of "dealer's heavy equipment inventory" to mean all items of heavy equipment that a dealer holds for sale, lease or rent in this state during a 12 month period.

To the extent that heavy equipment that is currently appraised as special inventory is appraised as normal inventory under the bill, there would be a gain to units of local government and to the state through the operation of the school finance formulas because the special appraisal provisions of the Tax Code provide a lower appraised value. Information is not available regarding the amount of heavy equipment inventory that would no longer qualify for special appraisal under the bill. Consequently, the amount of gain cannot be estimated.

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Source Agencies: 304 Comptroller of Public Accounts
LBB Staff: UP, KK, SD, SJS

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 30, 2013

TO: Honorable Harvey Hilderbran, Chair, House Committee on Ways & Means

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: IIB826 by Harless (relating to the definitions of certain terms for purposes of the ad valorem taxation of certain dealer's heavy equipment inventory.), **Committee Report 1st House, Substituted**

To the extent that heavy equipment that is currently appraised as special inventory is appraised as normal inventory under the bill, there would be a gain to the state through the operation of the school finance formulas because the special appraisal provisions of the Tax Code provide a lower appraised value.

This bill would amend Chapter 23 of the Tax Code, regarding property taxation, appraisal methods and procedures.

The definition of a heavy equipment dealer would be amended to provide that the term does not include a bank, savings bank, savings and loan association, credit union, or other finance company. In addition, for purposes of taxation of a person's inventory of heavy equipment in a tax year, the term would not include a person who renders the person's inventory of heavy equipment for taxation in that year by filing a rendition statement or property report in accordance with Chapter 22 of the Tax Code.

The bill would amend the definition of "dealer's heavy equipment inventory" to mean all items of heavy equipment that a dealer holds for sale, lease or rent in this state during a 12 month period.

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The bill would take effect on January 1, 2014.

Local Government Impact

To the extent that heavy equipment that is currently appraised as special inventory is appraised as normal inventory under the bill, there would be a gain to units of local government because the special appraisal provisions of the Tax Code provide a lower appraised value.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD, SJS

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 14, 2013

TO: Honorable Harvey Hilderbran, Chair, House Committee on Ways & Means

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB826 by Harless (Relating to the definitions of certain terms for purposes of the ad valorem taxation of certain dealer's heavy equipment inventory.), **As Introduced**

To the extent that heavy equipment that is currently appraised as special inventory is appraised as normal inventory under the bill, there would be a gain to the state through the operation of the school finance formulas because the special appraisal provisions of the Tax Code provide a lower appraised value.

This bill would amend Chapter 23 of the Tax Code, regarding property taxation, appraisal methods and procedures.

The bill would amend Section 23.1241, relating to the special appraisal of heavy equipment inventory, to specify that "business location" or "location at which the dealer conducts business" does not include a facility that is owned and controlled by a person who is not a dealer and is used to store or warehouse heavy equipment.

The definition of a heavy equipment dealer would be amended to mean a person whose primary business in Texas (rather than who is engaged in business in Texas) consists of selling, leasing, or renting heavy equipment. The revised definition also includes the requirement that the heavy equipment dealer operate a business location in Texas that is open to the public and at which the person holds inventory that is available for sale, lease or rent.

The bill would amend the definition of "dealer's heavy equipment inventory" to add a requirement that a dealer's inventory must be owned and held in the dealer's physical possession and be available for sale, lease or rent at the dealer's Texas business location.

To the extent that heavy equipment that is currently appraised as special inventory is appraised as normal inventory under the bill, there would be a gain to units of local government and to the state through the operation of the school finance formulas because the special appraisal provisions of the Tax Code provide a lower appraised value. Information is not available regarding the amount of heavy equipment inventory that would no longer qualify for special appraisal under the bill. Consequently the amount of gain cannot be estimated.

The bill would take effect on January 1, 2014.

Local Government Impact

To the extent that heavy equipment that is currently appraised as special inventory is appraised as normal inventory under the bill, there would be a gain to units of local government because the special appraisal provisions of the Tax Code provide a lower appraised value.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD, SJS

LEGISLATIVE BUDGET BOARD
Austin, Texas

TAX/FEE EQUITY NOTE

83RD LEGISLATIVE REGULAR SESSION

April 30, 2013

TO: Honorable Harvey Hilderbran, Chair, House Committee on Ways & Means

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB826 by Harless (relating to the definitions of certain terms for purposes of the ad valorem taxation of certain dealer 's heavy equipment inventory.), **Committee Report 1st House, Substituted**

Because the bill would not create or impact a state tax or fee, no comment from this office is required by the rules of the House as to the general effects of the proposal on the distribution of tax and fee burdens among individuals and businesses.

Source Agencies:

LBB Staff: UP, KK

LEGISLATIVE BUDGET BOARD
Austin, Texas

TAX/FEE EQUITY NOTE

83RD LEGISLATIVE REGULAR SESSION

April 14, 2013

TO: Honorable Harvey Hilderbran, Chair, House Committee on Ways & Means

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB826 by Harless (Relating to the definitions of certain terms for purposes of the ad valorem taxation of certain dealer's heavy equipment inventory.), **As Introduced**

No statistically significant impact on the overall distribution of a state tax or fee burden among individuals and businesses is anticipated from the provisions of this bill.

Source Agencies:

LBB Staff: UP, KK