

BILL ANALYSIS

Senate Research Center
84R7778 ADM-F

H.B. 1905
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Finance
5/18/2015
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The comptroller of public accounts of the State of Texas has expressed concern that the taxes imposed on controlled substances and those imposed on alcoholic beverages served on commercial passenger aircraft and trains are archaic and have high administrative costs that pose an unnecessary burden on both the state and private business owners.

The burden associated with the collection of these taxes on a very limited number of businesses ultimately hurts the taxpayer and inhibits economic growth.

H.B. 1905 amends the Alcoholic Beverage Code to exempt the preparation and service of alcoholic beverages by a holder of an airline beverage permit and by a holder of a passenger train beverage permit from statutory provisions imposing certain taxes.

H.B. 1905 repeals the controlled substances tax imposed under the Tax Code and statutory provisions relating to the enforcement and collection of that tax.

H.B. 1905 repeals the following provisions:

- Section 411.109(c), Government Code;
- Section 111.021(j), Tax Code; and
- Chapter 159, Tax Code.

H.B. 1905 amends current law relating to the repeal of certain alcoholic beverage taxes and the tax on controlled substances.

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 34.04, Alcoholic Beverage Code, as follows:

Sec. 34.04. New heading: EXEMPTION FROM TAXES. Provides that the preparation and service of alcoholic beverages by the holder of an airline beverage permit is exempt from a tax imposed by this code and from the tax imposed by Chapter 151 (Limited Sales, Excise, and Use Tax), Tax Code.

Deletes existing text requiring that the taxes imposed by this code be paid on all alcoholic beverages on a commercial passenger aircraft departing from an airport in this state, in accordance with rules and regulations prescribed by the Texas Alcoholic Beverage Commission (TABC). Deletes existing text providing that the preparation and service of alcoholic beverages by the holder of an airline beverage permit is exempt from the tax imposed by the Limited Sales, Excise and Use Tax Act, and providing that an airline beverage service fee of five cents is imposed on each individual serving of an alcoholic beverage served by the permittee inside the state. Deletes existing text providing that the fee accrues at

the time the container containing an alcoholic beverage is delivered to the passenger, and authorizing the permittee to absorb the cost of the fee or collect it from the passenger, and requiring that the permittee remit the fees to TABC each month under a reporting system prescribed by TABC.

SECTION 2. Amends Section 48.04, Alcoholic Beverage Code, as follows:

Sec. 48.04. EXEMPTION FROM TAXES. Provides that the preparation and service of alcoholic beverages by the holder of a passenger train beverage permit is exempt from a tax imposed by this chapter and from the tax imposed by Chapter 151, Tax Code.

Deletes existing text requiring that the taxes imposed by this code be paid on all alcoholic beverages on a commercial passenger train departing from a depot in this state in accordance with the rules prescribed by TABC, and providing that the preparation and service of alcoholic beverages by the holder of a passenger train beverage permit is exempt from the tax imposed by the Limited Sales, Excise, and Use Tax Act (Section 151.001 et seq., Tax Code). Deletes existing text providing that a passenger train service fee of five cents is imposed on each individual serving of an alcoholic beverage served by the permittee inside the state, and that the fee accrues at the time the container containing an alcoholic beverage is delivered to the passenger. Deletes existing text requiring that the permittee remit the fees to TABC each month under a reporting system prescribed by TABC.

SECTION 3. Repealer: Section 411.109(c) (entitling the comptroller of public accounts of the State of Texas to obtain from the Department of Public Safety of the State of Texas (DPS) criminal history record information maintained by DPS), Government Code;

Repealer: Section 111.021(j) (defining "asset"), Tax Code; and

Repealer: Chapter 159 (Controlled Substances Tax), Tax Code.

SECTION 4. 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 that liability 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 5. Effective date: September 1, 2015.