

By: White of Tyler

H.B. No. 83

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the computation of cost of goods sold for purposes of
3 the franchise tax by taxable entities primarily engaged in the
4 business of harvesting trees for wood.

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

6 SECTION 1. Section [171.1012](#), Tax Code, is amended by adding
7 Subsection (q) to read as follows:

8 (q) Notwithstanding Subsection (i) or any other provision
9 of this section, a taxable entity that is primarily engaged in the
10 business of harvesting trees for wood may subtract as cost of goods
11 sold the direct costs of acquiring or producing the timber for the
12 wood that are specified by this subsection or otherwise described
13 by this section, regardless of whether the taxable entity owns the
14 land from which the trees are harvested, the harvested timber, or
15 the wood resulting from the harvested timber. For purposes of this
16 subsection, direct costs include costs of:

17 (1) moving harvesting equipment;

18 (2) severing timber;

19 (3) transporting timber to and from a mill or
20 designated delivery point;

21 (4) obtaining, using, storing, or maintaining
22 equipment necessary for an activity described by Subdivision (1),
23 (2), or (3); and

24 (5) other supplies, labor, freight, and fuel necessary

1 for an activity described by Subdivision (1), (2), or (3).

2 SECTION 2. This Act applies only to a report originally due
3 on or after the effective date of this Act.

4 SECTION 3. This Act takes effect January 1, 2016.