

BILL ANALYSIS

Senate Research Center
85R7700 ADM-D

S.B. 1032
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Finance
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Under current law, Section 160.021, Tax Code, implements a sales and use tax on every retail sale of a taxable boat or motor sold in Texas.

S.B. 1032 adds the newly created Section 160.0246 to the Tax Code, which allows for an exemption of sales tax if the sale involves repairs and/or modifications to a boat or marine motor if the boat or motor is sold in Texas for use in another state or nation and is removed from Texas within 10 days after the date of purchase.

Additionally, S.B. 1032 allows for an exemption of sales and use tax if within 10 days from the date of purchase, a boat is docked or placed in a boat repair facility registered with the Texas comptroller of public accounts (comptroller) for repairs or modifications. S.B. 1032 further directs the comptroller to adopt the applicable rules and procedures necessary to implement the provisions within S.B. 1032.

S.B. 1032 also adds the newly created Section 160.026, which places a limit on the total amount of sales tax that can be collected by the state in regards to the purchasing of boats and/or marine motors to an amount that may not exceed \$18,750 in order to place Texas at a favorable competitive advantage when comparing marine equipment tax policies of the surrounding Gulf States.

As proposed, S.B. 1032 amends current law relating to an exemption from and a limitation on the sales tax imposed on certain boats and boat motors.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas comptroller of public accounts in SECTION 1 (Section 160.0246, Tax Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter B, Chapter 160, Tax Code, by adding Sections 160.0246 and 160.026, as follows:

Sec. 160.0246. EXEMPTION FOR CERTAIN BOATS AND MOTORS TO BE USED OUTSIDE THIS STATE. (a) Provides that the taxes imposed by this chapter (Taxes on Sales and Use of Boats and Boat Motors) do not apply to the sale of a taxable boat or motor if:

- (1) the boat or motor is sold in this state for use in another state or nation and is removed from this state not more than 10 days after the date of purchase; or
- (2) the boat or motor:
 - (A) is sold in this state for use in another state or nation;

(B) not later than the 10th day after the date the boat or motor is purchased, is docked at or placed in a boat repair facility registered with the Texas comptroller of public accounts (comptroller) for repairs or modifications;

(C) is not used by a person while it is being repaired or modified, except as necessary to test the repairs or modifications; and

(D) is removed from this state not more than 20 days after the date the repairs or modifications are finished.

(b) Requires the comptroller to adopt rules and procedures to implement this section.

Sec. 160.026. **LIMITATION ON AMOUNT OF TAX.** Prohibits the tax imposed under Section 160.021 (Retail Sales Tax) on the sale of a taxable boat or motor from exceeding \$18,750, notwithstanding any other law.

SECTION 2. 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 the 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 3. Effective date: September 1, 2017.