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H.B. No. 1346

A BILL TO BE ENTITLED

AN ACT

relating to the date for prepayment of taxes on a dealer's heavy equipment inventory.

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

SECTION 1. Sections 23.1242(b) and (f), Tax Code, are amended to read as follows:

(b) Except for an item of heavy equipment sold to a dealer, an item of heavy equipment included in a fleet transaction, an item of heavy equipment that is the subject of a subsequent sale, or an item of heavy equipment that is subject to a lease or rental, an owner or a person who has agreed by contract to pay the owner's current year property taxes levied against the owner's heavy equipment inventory shall assign a unit property tax to each item of heavy equipment sold from a dealer's heavy equipment inventory. In the case of a lease or rental, the owner shall assign a unit property tax to each item of heavy equipment leased or rented. The unit property tax of each item of heavy equipment is determined by multiplying the sales price of the item or the monthly lease or rental payment received for the item, as applicable, by the unit property tax factor. If the transaction is a lease or rental, the owner shall collect the unit property tax from the lessee or renter at the time the lessee or renter submits payment for the lease or rental. The owner of the equipment shall state the amount of the unit property tax assigned as a separate line item on an

1 invoice. On or before the 20th [~~10th~~] day of each month the owner
2 shall, together with the statement filed by the owner as required by
3 this section, deposit with the collector an amount equal to the
4 total of unit property tax assigned to all items of heavy equipment
5 sold, leased, or rented from the dealer's heavy equipment inventory
6 in the preceding month to which a unit property tax was
7 assigned. The money shall be deposited by the collector to the
8 credit of the owner's escrow account for prepayment of property
9 taxes as provided by this section. An escrow account required by
10 this section is used to pay property taxes levied against the
11 dealer's heavy equipment inventory, and the owner shall fund the
12 escrow account as provided by this subsection.

13 (f) On or before the 20th [~~10th~~] day of each month, a dealer
14 shall file with the collector the statement covering the sale,
15 lease, or rental of each item of heavy equipment sold, leased, or
16 rented by the dealer in the preceding month. On or before the 20th
17 [~~10th~~] day of a month following a month in which a dealer does not
18 sell, lease, or rent an item of heavy equipment, the dealer must
19 file the statement with the collector and indicate that no sales,
20 leases, or rentals were made in the prior month. A dealer shall
21 file a copy of the statement with the chief appraiser and retain
22 documentation relating to the disposition of each item of heavy
23 equipment sold and the lease or rental of each item of heavy
24 equipment. A chief appraiser or collector may examine documents
25 held by a dealer as provided by this subsection in the same manner,
26 and subject to the same conditions, as provided by Section
27 [23.1241\(g\)](#).

1 SECTION 2. The change in law made by this Act applies to a
2 dealer's heavy equipment inventory tax statement required to be
3 filed on or after the effective date of this Act. A dealer's heavy
4 equipment inventory tax statement required to be filed before the
5 effective date of this Act is governed by the law in effect on the
6 date the statement was required to be filed, and the former law is
7 continued in effect for that purpose.

8 SECTION 3. This Act takes effect September 1, 2017.