

By: Watson

S.B. No. 1539

A BILL TO BE ENTITLED

AN ACT

relating to the application of the sales and use tax to certain property and services.

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

SECTION 1. Section 151.0028, Tax Code, is amended by amending Subsection (b) and adding Subsection (c) to read as follows:

(b) "Amusement services" includes:

(1) membership in a private club or organization that provides entertainment, recreational, sports, dining, or social facilities to its members; and

(2) the purchase of an admission through the use of a coin-operated machine.

(c) Notwithstanding Subsection (b), "amusement services" does not include services provided through coin-operated machines that are operated by the consumer.

SECTION 2. Section 151.0045, Tax Code, is amended to read as follows:

Sec. 151.0045. "PERSONAL SERVICES". "Personal services" means those personal services listed as personal services under Group 721, Major Group 72 of the Standard Industrial Classification Manual, 1972, and includes massage parlors, escort services, and Turkish baths under Group 729 of said manual but does not include any other services listed under Group 729 unless otherwise covered

1 under this chapter [~~Act~~], prepared by the statistical policy
2 division of the office on management and budget, office of the
3 president of the United States. The term does not include services
4 provided through coin-operated machines that are operated by the
5 consumer.

6 SECTION 3. Section 151.006, Tax Code, is amended by
7 amending Subsections (a) and (c) and adding Subsection (e) to read
8 as follows:

9 (a) "Sale for resale" means a sale of:

10 (1) tangible personal property or a taxable service to
11 a purchaser who acquires the property or service for the purpose of
12 reselling it [~~with or~~] as a taxable item as defined by Section
13 151.010 in the United States of America or a possession or territory
14 of the United States of America or in the United Mexican States in
15 the normal course of business in the form or condition in which it
16 is acquired or as an attachment to or integral part of other
17 tangible personal property or taxable service;

18 (2) tangible personal property to a purchaser for the
19 sole purpose of the purchaser's leasing or renting it in the United
20 States of America or a possession or territory of the United States
21 of America or in the United Mexican States in the normal course of
22 business to another person, but not if incidental to the leasing or
23 renting of real estate;

24 (3) tangible personal property to a purchaser who
25 acquires the property for the purpose of transferring it in the
26 United States of America or a possession or territory of the United
27 States of America or in the United Mexican States as an integral

1 part of a taxable service;

2 (4) a taxable service performed on tangible personal
3 property that is held for sale by the purchaser of the taxable
4 service; or

5 (5) except as provided by Subsection (c), tangible
6 personal property to a purchaser who acquires the property for the
7 purpose of transferring it as an integral part of performing a
8 contract, or a subcontract of a contract, with an entity or
9 organization exempted from the taxes imposed by this chapter under
10 Section 151.309 or 151.310 [~~the federal government~~] only if the
11 purchaser:

12 (A) allocates and bills to the contract the cost
13 of the property as a direct or indirect cost; and

14 (B) transfers title to the property to the exempt
15 entity or organization [~~federal government~~] under the contract and
16 applicable [~~federal~~] acquisition regulations.

17 (c) A sale for resale does not include the sale of tangible
18 personal property or a taxable service to a purchaser who acquires
19 the property or service for the purpose of performing a contract, or
20 a subcontract of a contract, with an entity or organization
21 exempted from the taxes imposed by this chapter under Section
22 151.309 or 151.310 [~~service that is not taxed under this chapter~~],
23 regardless of whether title transfers to the service provider's
24 customer, unless the tangible personal property or taxable service
25 is purchased for the purpose of reselling it to the United States in
26 a contract, or a subcontract of a contract, with any branch of the
27 Department of Defense, Department of Homeland Security, Department

1 of Energy, National Aeronautics and Space Administration, Central
2 Intelligence Agency, National Security Agency, National Oceanic
3 and Atmospheric Administration, or National Reconnaissance Office
4 to the extent allocated and billed to the contract with the federal
5 government.

6 (e) A sale for resale does not include the sale of tangible
7 personal property that will be used, consumed, or expended in, or
8 incorporated into, an oil or gas well by a purchaser who acquires
9 the property to perform an oil well service taxable under Chapter
10 191.

11 SECTION 4. Section 151.338, Tax Code, is amended to read as
12 follows:

13 Sec. 151.338. ENVIRONMENT AND CONSERVATION SERVICES. (a)
14 Subject to Subsection (b), labor to [~~The services involved in the~~
15 repair, remodel, maintain, or restore [~~remodeling, maintenance, or~~
16 ~~restoration of~~] tangible personal property is exempted from the
17 taxes imposed by [~~are not taxable under~~] this chapter if:

18 (1) the amount of the charge for labor is separately
19 itemized; and

20 (2) the repair, remodeling, maintenance, or
21 restoration is required by statute, ordinance, order, rule, or
22 regulation of any commission, agency, court, or political,
23 governmental, or quasi-governmental entity in order to protect the
24 environment or to conserve energy.

25 (b) The exemption provided by this section does not apply to
26 tangible personal property transferred by the service provider to
27 the purchaser as part of the service.

1 SECTION 5. Section [151.335](#), Tax Code, is repealed.

2 SECTION 6. The changes in law made by this Act do not affect
3 tax liability accruing before the effective date of this Act. That
4 liability continues in effect as if this Act had not been enacted,
5 and the former law is continued in effect for the collection of
6 taxes due and for civil and criminal enforcement of the liability
7 for those taxes.

8 SECTION 7. This Act takes effect October 1, 2017.