

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 16, 2017

TO: Honorable Jane Nelson, Chair, Senate Committee on Finance

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3103 by Darby (Relating to the jurisdiction of this state to tax tangible personal property that is used continually in this state.), **As Engrossed**

Passage of the bill would clarify one of the conditions under which this state has jurisdiction to tax tangible personal property. The bill would have an indeterminate affect on the amount of tangible personal property that is taxed in Texas.

The bill would amend Chapter 11, Subchapter A, of the Tax Code, regarding taxable property, to clarify one of the conditions under which this state has jurisdiction to tax tangible personal property. Current law specifies that this state has jurisdiction to tax tangible personal property if the property is used continually, whether regularly or irregularly, in this state. The bill would specify that property is considered to be used continually, whether regularly or irregularly, in this state if the property is used in this state three or more times on regular routes or for three or more completed assignments occurring in close succession throughout the year. A series of events would be considered to occur in close succession throughout the year if they occur in sequence within a short period at intervals from the beginning to the end of the year.

The extent to which the bill's additional statutory language regarding the in-state use of tangible personal property three or more times on regular routes, or for three or more completed assignments as a condition for taxability would increase or decrease the amount of tangible personal property that is taxed in Texas is unknown; consequently, the fiscal impact cannot be determined.

The bill would take effect immediately upon enactment, assuming it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2017.

Local Government Impact

Passage of the bill would clarify one of the conditions under which this state has jurisdiction to tax tangible personal property. The bill would have an indeterminate affect on the amount of tangible personal property that is taxed in Texas.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD, SJS