

BILL ANALYSIS

Senate Research Center
86R5434 SMT-F

H.B. 1089
By: Darby et al. (Flores)
Finance
5/3/2019
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Interested parties maintain that many companies engaged in the business of renting work uniforms are not properly classified for franchise tax purposes because the industry groups under which they operate under are not expressly listed in the definition of "retail trade" in the Tax Code. H.B. 1089 seeks to remedy this situation by amending Section 171.0001(12), Tax Code, to include in the definition of "retail trade" uniform rental activities classified as Industry 7213 and Industry 7218 of the 1987 Standard Industry Classification Manual published by the federal Office of Management and Budget.

H.B. 1089 amends current law relating to the classification of certain entities as primarily engaged in retail trade for purposes of the franchise tax.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 171.0001(12), Tax Code, to redefine "retail trade" as certain activities, including activities involving the rental of industrial uniforms, industrial garments, and industrial linen supplies that are classified as Industry 7213 or 7218 of the 1987 Standard Industrial Classification Manual published by the federal Office of Management and Budget, and to make nonsubstantive changes to this subdivision.

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

SECTION 3. Effective date: January 1, 2021.