

BILL ANALYSIS

C.S.H.B. 2859
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Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

It has been suggested that the manner in which the state treats precious metals for property tax purposes causes uncertainty and confusion and puts the state's depositories at a competitive disadvantage. C.S.H.B. 2859 seeks to address this situation by exempting precious metals held in a precious metal depository in Texas from property taxation.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 2859 amends the Tax Code to entitle a person to an exemption from property taxation for the precious metal that the person owns and that is held in a precious metal depository located in Texas, regardless of whether the precious metal is held or used by the person for the production of income. The bill establishes that the exemption is effective immediately on qualification and includes that exemption among the exemptions for which a claimant need not apply. The bill prohibits the governing body of a taxing unit from providing for the taxation of precious metal exempted from taxation under the bill's provisions.

EFFECTIVE DATE

January 1, 2020, if the constitutional amendment authorizing the legislature to exempt from property taxation precious metal held in a precious metal depository located in Texas is approved by the voters.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 2859 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute does not include specific reference to a commercial depository but does include reference to a precious metal depository. The substitute does not include a requirement that the insurance coverage maintained by the depository be enough to cover 100 percent of the precious metals in the depository.

The substitute includes a prohibition against the governing body of a taxing unit providing for the taxation of precious metal exempted from taxation under the bill's provisions.

The substitute does not include an authorization for the comptroller to adopt rules to implement the tax exemption.

The substitute includes a provision establishing that the exemption is effective immediately on qualification.

The substitute changes the bill's effective date and includes a procedural provision providing that the exemption applies only to a tax year beginning on or after January 1, 2020.