

By: Springer

H.B. No. 2915

A BILL TO BE ENTITLED

AN ACT

relating to state and local taxes and fees.

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

ARTICLE 1. PROVISIONS RELATED TO DECREASING PROPERTY TAX LIABILITY

SECTION 1.01. Section 42.2516(a), Education Code, is amended to read as follows:

(a) In this title, "state compression percentage" means the percentage of a school district's adopted maintenance and operations tax rate for the 2005 tax year that serves as the basis for state funding. The compression percentage is the lower of:

(1) the following compression percentages, based on the district's maintenance and operations tax for the 2020 tax year:

(A) if a district's maintenance and operations tax is equal to or greater than \$1.00 per hundred dollars of valuation, 60 percent;

(B) if a district's maintenance and operations tax is equal to or greater than \$0.90 but less than \$1.00 per hundred dollars of valuation, a compression percentage determined by the commissioner for that district that will compress the district's maintenance and operations tax to \$0.90 per hundred dollars of valuation; or

(C) if a district's maintenance and operations tax is \$0.90 or less per hundred dollars of valuation, 66.67

1 percent; or

2 (2) a compression percentage established by
3 appropriation for a school year. [~~If the state compression~~
4 percentage is not established by appropriation for a school year,
5 the commissioner shall determine the state compression percentage
6 for each school year based on the percentage by which a district is
7 able to reduce the district's maintenance and operations tax rate
8 for that year, as compared to the district's adopted maintenance
9 and operations tax rate for the 2005 tax year, as a result of state
10 funds appropriated for that year from the property tax relief fund
11 established under Section 403.109, Government Code, or from another
12 funding source available for school district property tax relief.]

13 SECTION 1.02. Section 403.302(d), Government Code, is
14 amended to read as follows:

15 (d) For the purposes of this section, "taxable value" means
16 the market value of all taxable property less:

17 (1) the total dollar amount of any residence homestead
18 exemptions lawfully granted under Section 11.13(b), ~~[or]~~ (c), or
19 (s), Tax Code, in the year that is the subject of the study for each
20 school district;

21 (2) one-half of the total dollar amount of any
22 residence homestead exemptions granted under Section 11.13(n), Tax
23 Code, in the year that is the subject of the study for each school
24 district;

25 (3) the total dollar amount of any exemptions granted
26 before May 31, 1993, within a reinvestment zone under agreements
27 authorized by Chapter 312, Tax Code;

1 (4) subject to Subsection (e), the total dollar amount
2 of any captured appraised value of property that:

3 (A) is within a reinvestment zone created on or
4 before May 31, 1999, or is proposed to be included within the
5 boundaries of a reinvestment zone as the boundaries of the zone and
6 the proposed portion of tax increment paid into the tax increment
7 fund by a school district are described in a written notification
8 provided by the municipality or the board of directors of the zone
9 to the governing bodies of the other taxing units in the manner
10 provided by former Section 311.003(e), Tax Code, before May 31,
11 1999, and within the boundaries of the zone as those boundaries
12 existed on September 1, 1999, including subsequent improvements to
13 the property regardless of when made;

14 (B) generates taxes paid into a tax increment
15 fund created under Chapter 311, Tax Code, under a reinvestment zone
16 financing plan approved under Section 311.011(d), Tax Code, on or
17 before September 1, 1999; and

18 (C) is eligible for tax increment financing under
19 Chapter 311, Tax Code;

20 (5) the total dollar amount of any captured appraised
21 value of property that:

22 (A) is within a reinvestment zone:

23 (i) created on or before December 31, 2008,
24 by a municipality with a population of less than 18,000; and

25 (ii) the project plan for which includes
26 the alteration, remodeling, repair, or reconstruction of a
27 structure that is included on the National Register of Historic

1 Places and requires that a portion of the tax increment of the zone
2 be used for the improvement or construction of related facilities
3 or for affordable housing;

4 (B) generates school district taxes that are paid
5 into a tax increment fund created under Chapter 311, Tax Code; and

6 (C) is eligible for tax increment financing under
7 Chapter 311, Tax Code;

8 (6) the total dollar amount of any exemptions granted
9 under Section 11.251 or 11.253, Tax Code;

10 (7) the difference between the comptroller's estimate
11 of the market value and the productivity value of land that
12 qualifies for appraisal on the basis of its productive capacity,
13 except that the productivity value estimated by the comptroller may
14 not exceed the fair market value of the land;

15 (8) the portion of the appraised value of residence
16 homesteads of individuals who receive a tax limitation under
17 Section 11.26, Tax Code, on which school district taxes are not
18 imposed in the year that is the subject of the study, calculated as
19 if the residence homesteads were appraised at the full value
20 required by law;

21 (9) a portion of the market value of property not
22 otherwise fully taxable by the district at market value because of:

23 (A) action required by statute or the
24 constitution of this state, other than Section 11.311, Tax Code,
25 that, if the tax rate adopted by the district is applied to it,
26 produces an amount equal to the difference between the tax that the
27 district would have imposed on the property if the property were

1 fully taxable at market value and the tax that the district is
2 actually authorized to impose on the property, if this subsection
3 does not otherwise require that portion to be deducted; or

4 (B) action taken by the district under Subchapter
5 B or C, Chapter 313, Tax Code, before the expiration of the
6 subchapter;

7 (10) the market value of all tangible personal
8 property, other than manufactured homes, owned by a family or
9 individual and not held or used for the production of income;

10 (11) the appraised value of property the collection of
11 delinquent taxes on which is deferred under Section 33.06, Tax
12 Code;

13 (12) the portion of the appraised value of property
14 the collection of delinquent taxes on which is deferred under
15 Section 33.065, Tax Code; and

16 (13) the amount by which the market value of a
17 residence homestead to which Section 23.23, Tax Code, applies
18 exceeds the appraised value of that property as calculated under
19 that section.

20 SECTION 1.03. Section 11.13, Tax Code, is amended by
21 amending Subsection (i) and adding Subsections (s) and (t) to read
22 as follows:

23 (i) The assessor and collector for a taxing unit may
24 disregard the exemptions authorized by Subsection (b), (c), (d),
25 ~~[or] (n), or (s) [of this section]~~ and assess and collect a tax
26 pledged for payment of debt without deducting the amount of the
27 exemption if:

1 (1) prior to adoption of the exemption, the unit
2 pledged the taxes for the payment of a debt; and

3 (2) granting the exemption would impair the obligation
4 of the contract creating the debt.

5 (s) In addition to any other exemptions provided by this
6 section, an individual is entitled to an exemption from taxation by
7 a school district of a portion of the appraised value of the
8 individual's residence homestead in an amount equal to the lesser
9 of:

10 (1) 50 percent of the difference between:

11 (A) the total appraised value of the individual's
12 residence homestead; and

13 (B) the total dollar amount of all other
14 exemptions for which the individual qualifies the residence
15 homestead under this section; or

16 (2) 150 percent of the median appraised value of all
17 single family residences in this state in the preceding year as
18 determined by the comptroller under Subsection (t).

19 (t) Not later than January 1 of each year, the comptroller
20 shall determine the median appraised value of all single-family
21 residences in this state in the preceding year and publish that
22 value in the Texas Register.

23 SECTION 1.04. Subchapter B, Chapter 11, Tax Code, is
24 amended by adding Section 11.35 to read as follows:

25 Sec. 11.35. INVENTORY. (a) In this section, "inventory"
26 means:

27 (1) a finished good held for sale or resale; or

1 (2) a raw or finished material held to be incorporated
2 into or attached to tangible personal property to create a finished
3 good.

4 (b) A person is entitled to an exemption from taxation of
5 the appraised value of the person's inventory.

6 SECTION 1.05. This article applies only to an ad valorem tax
7 year that begins on or after the effective date of this Act.

8 ARTICLE 2. PROVISIONS RELATED TO INCREASING STATE AND LOCAL REVENUE

9 SECTION 2.01. Subchapter A, Chapter 2301, Occupations Code,
10 is amended by adding Section 2301.008 to read as follows:

11 Sec. 2301.008. ANNUAL REPORT ON WARRANTIES ISSUED FOR
12 CERTAIN OFF-HIGHWAY VEHICLES PURCHASED OUTSIDE THIS STATE. (a) In
13 this section:

14 (1) "Off-highway vehicle" has the meaning assigned by
15 Section 501.0301, Transportation Code.

16 (2) "Retailer" has the meaning assigned by Section
17 151.008, Tax Code.

18 (b) Not later than March 1 of each year, a manufacturer of
19 off-highway vehicles shall submit to the department a report
20 listing each warranty issued by the manufacturer for a new
21 off-highway vehicle that was, during the preceding calendar year,
22 sold to a resident of this state by a retailer located outside this
23 state. The report must:

24 (1) be in a form prescribed by the department; and

25 (2) contain, at a minimum, the following information
26 for each warranty:

27 (A) the vehicle identification number of the

1 vehicle;

2 (B) the make, model, and model year of the
3 vehicle;

4 (C) the name and address of the purchaser of the
5 vehicle; and

6 (D) the sales price of the vehicle.

7 (c) The department shall:

8 (1) review each report submitted under this section to
9 determine whether the report is complete; and

10 (2) require a manufacturer to submit any additional
11 information necessary to meet the requirements of this section if
12 the department determines that the report submitted by the
13 manufacturer is incomplete.

14 (d) As soon as practicable after receiving a report
15 submitted under this section that the department determines is
16 complete, the department shall forward the report to the
17 comptroller. The comptroller may use information contained in the
18 report for the purpose of investigating and collecting any unpaid
19 taxes imposed under Subchapter D, Chapter 151, Tax Code, on a new
20 off-highway vehicle described in the report.

21 (e) The board may adopt rules as necessary to implement this
22 section.

23 (f) Information contained in a report submitted under this
24 section is confidential and not subject to disclosure under Chapter
25 552, Government Code.

26 SECTION 2.02. Sections 23.1241(a)(1), (2), (7), (8), and
27 (9), Tax Code, are amended to read as follows:

1 (1) "Dealer" means a person engaged in the business in
2 this state of selling[~~, leasing, or renting~~] heavy equipment. The
3 term does not include a bank, savings bank, savings and loan
4 association, credit union, or other finance company. In addition,
5 for purposes of taxation of a person's inventory of heavy equipment
6 in a tax year, the term does not include a person who renders the
7 person's inventory of heavy equipment for taxation in that tax year
8 by filing a rendition statement or property report in accordance
9 with Chapter 22.

10 (2) "Dealer's heavy equipment inventory" means all
11 items of heavy equipment that a dealer holds for sale at retail [~~7~~
12 ~~lease, or rent~~] in this state [~~during a 12-month period~~]. The term
13 includes items of heavy equipment that are leased or rented but
14 subject to a purchase option by the lessee or renter.

15 (7) "Sales price" means:

16 (A) the total amount of money paid or to be paid
17 to a dealer for the purchase of an item of heavy equipment; or

18 (B) for a lease or rental with an option to
19 purchase, the total amount of the lease or rental payments plus any
20 final consideration, excluding interest.

21 (8) "Subsequent sale" means a dealer-financed sale of
22 an item of heavy equipment that, at the time of the sale, has been
23 the subject of a dealer-financed sale from the same dealer's heavy
24 equipment inventory in the same calendar year. [~~The term does not~~
25 ~~include a rental or lease with an unexercised purchase option or~~
26 ~~without a purchase option.~~]

27 (9) "Total annual sales" means the total of the[+]

1 [~~(A)~~] sales price for each sale from a dealer's
2 heavy equipment inventory in a 12-month period [~~, and~~
3 [~~(B) lease and rental payments received for each~~
4 ~~lease or rental of heavy equipment inventory in a 12-month period~~].

5 SECTION 2.03. Sections 23.1241(b) and (e), Tax Code, are
6 amended to read as follows:

7 (b) For the purpose of the computation of property tax:

8 (1) [~~7~~] the market value of a dealer's heavy equipment
9 inventory on January 1 is the total annual sales, less sales to
10 dealers, fleet transactions, and subsequent sales, for the 12-month
11 period corresponding to the preceding tax year, divided by 12; and

12 (2) a sale is considered to occur when possession of an
13 item of heavy equipment is transferred from the dealer to the
14 purchaser.

15 (e) A dealer is presumed to be an owner of a dealer's heavy
16 equipment inventory on January 1 if, in the 12-month period ending
17 on December 31 of the preceding year, the dealer sold [~~, leased, or~~
18 ~~rented~~] an item of heavy equipment to a person other than a
19 dealer. The presumption is not rebutted by the fact that a dealer
20 has no item of heavy equipment physically on hand for sale from the
21 dealer's heavy equipment inventory on January 1.

22 SECTION 2.04. Sections 23.1242(b), (e), and (f), Tax Code,
23 are amended to read as follows:

24 (b) Except for an item of heavy equipment sold to a dealer,
25 an item of heavy equipment included in a fleet transaction, or an
26 item of heavy equipment that is the subject of a subsequent sale,
27 [~~or an item of heavy equipment that is subject to a lease or~~

1 ~~rental,~~] an owner or a person who has agreed by contract to pay the
2 owner's current year property taxes levied against the owner's
3 heavy equipment inventory shall assign a unit property tax to each
4 item of heavy equipment sold from a dealer's heavy equipment
5 inventory. [~~In the case of a lease or rental, the owner shall~~
6 ~~assign a unit property tax to each item of heavy equipment leased or~~
7 ~~rented.~~] The unit property tax of each item of heavy equipment is
8 determined by multiplying the sales price of the item [~~or the~~
9 ~~monthly lease or rental payment received for the item, as~~
10 ~~applicable,~~] by the unit property tax factor. [~~If the transaction~~
11 ~~is a lease or rental, the owner shall collect the unit property tax~~
12 ~~from the lessee or renter at the time the lessee or renter submits~~
13 ~~payment for the lease or rental. The owner of the equipment shall~~
14 ~~state the amount of the unit property tax assigned as a separate~~
15 ~~line item on an invoice.~~] On or before the 20th day of each month
16 the owner shall, together with the statement filed by the owner as
17 required by this section, deposit with the collector an amount
18 equal to the total of unit property tax assigned to all items of
19 heavy equipment sold[, ~~leased, or rented~~] from the dealer's heavy
20 equipment inventory in the preceding month to which a unit property
21 tax was assigned. The money shall be deposited by the collector to
22 the credit of the owner's escrow account for prepayment of property
23 taxes as provided by this section. An escrow account required by
24 this section is used to pay property taxes levied against the
25 dealer's heavy equipment inventory, and the owner shall fund the
26 escrow account as provided by this subsection.

27 (e) The comptroller by rule shall adopt a dealer's heavy

1 equipment inventory tax statement form. Each month, a dealer shall
2 complete the form regardless of whether an item of heavy equipment
3 is sold~~[, leased, or rented]~~. A dealer may use no other form for
4 that purpose. The statement may include the information the
5 comptroller considers appropriate but shall include at least the
6 following:

7 (1) a description of each item of heavy equipment
8 sold, ~~[leased, or rented]~~ including any unique identification or
9 serial number affixed to the item by the manufacturer;

10 (2) the sales price of ~~[or lease or rental payment~~
11 ~~received for]~~ the item of heavy equipment~~[, as applicable]~~;

12 (3) the unit property tax of the item of heavy
13 equipment, if any; and

14 (4) the reason no unit property tax is assigned if no
15 unit property tax is assigned.

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

1 provided by this subsection in the same manner, and subject to the
2 same conditions, as provided by Section 23.1241(g).

3 SECTION 2.05. Subchapter A, Chapter 151, Tax Code, is
4 amended by adding Section 151.0023 to read as follows:

5 Sec. 151.0023. "ACCOUNTING AND AUDIT SERVICES".
6 "Accounting and audit services" means the making and recording of
7 business financial records and statements, the creation and
8 implementation of accounting or bookkeeping systems, cost
9 accounting or bookkeeping services, and services provided by a
10 certified public accountant, enrolled agent, or bookkeeping firm in
11 connection with the preparation of financial and auditing reports.
12 The term includes financial planning services, tax return
13 preparation, and budgeting services.

14 SECTION 2.06. Section 151.0028, Tax Code, is amended to
15 read as follows:

16 Sec. 151.0028. "AMUSEMENT SERVICES". (a) "Amusement
17 services" means the provision of amusement, entertainment,
18 tanning, or recreation, but does not include the provision of
19 educational or health services if prescribed by a licensed
20 practitioner of the healing arts for the primary purpose of
21 education or health maintenance or improvement.

22 (b) "Amusement services" includes membership in a private
23 club or organization that provides entertainment, tanning,
24 recreational, sports, dining, or social facilities to its members.

25 SECTION 2.07. Subchapter A, Chapter 151, Tax Code, is
26 amended by adding Sections 151.0029, 151.00295, 151.00352,
27 151.00365, 151.00375, and 151.00378 to read as follows:

1 Sec. 151.0029. "AUTOMOTIVE SERVICES". "Automotive
2 services" means services performed on or to a motor vehicle,
3 including washing, waxing, painting, lubrication, rustproofing,
4 and undercoating.

5 Sec. 151.00295. "BARBERING OR COSMETOLOGY SERVICES".
6 "Barbering or cosmetology services" means acts or activities that
7 constitute "barbering," as that term is defined by Section
8 1601.002, Occupations Code, or "cosmetology," as that term is
9 defined by Section 1602.002, Occupations Code, and any other act or
10 activity provided to a client of a person who holds a license,
11 certificate, permit, or other credential issued under Chapter 1601,
12 1602, or 1603, Occupations Code, authorizing the person to practice
13 or perform the activity.

14 Sec. 151.00352. "DATING SERVICES". "Dating services" means
15 services to arrange romantic or social dates between individuals,
16 to offer potential romantic or social dates to individuals, or to
17 allow individuals to contact other individuals for the purpose of
18 arranging romantic or social dates.

19 Sec. 151.00365. "DEBT MANAGEMENT SERVICES". "Debt
20 management services" means acts or activities that constitute a
21 "debt management service," as that term is defined by Section
22 394.202, Finance Code, and any other act or activity provided to a
23 client of a provider, as that term is defined by that section.

24 Sec. 151.00375. "FUNERAL SERVICES". "Funeral services"
25 means acts or activities that constitute "funeral directing," as
26 that term is defined by Section 651.001, Occupations Code, and
27 services provided by a funeral director, embalmer, or funeral

1 establishment, as those terms are defined by that section, or by an
2 employee of one of those persons.

3 Sec. 151.00378. "HUNTING OR FISHING GUIDE SERVICES".
4 "Hunting or fishing guide services" means guiding a person who is
5 hunting or fishing.

6 SECTION 2.08. The heading to Section 151.0038, Tax Code, is
7 amended to read as follows:

8 Sec. 151.0038. "INFORMATION SERVICES" [~~SERVICE~~].

9 SECTION 2.09. Section 151.0038(b), Tax Code, is amended to
10 read as follows:

11 (b) In this section, "newspaper" means a publication that is
12 printed on newsprint, the average sales price of which for each copy
13 over a 30-day period does not exceed \$3, and that is printed and
14 distributed at a daily, weekly, or other short interval for the
15 dissemination of news of a general character and of a general
16 interest. "Newspaper" does not include a magazine, handbill,
17 circular, flyer, sales catalog, or similar printed item unless the
18 printed item is printed for distribution as a part of a newspaper
19 and is actually distributed as a part of a newspaper. For the
20 purposes of this section, an advertisement is news of a general
21 character and of a general interest. Notwithstanding any other
22 provision of this subsection, "newspaper" includes:

23 (1) a publication containing articles and essays of
24 general interest by various writers and advertisements that is
25 produced for the operator of a licensed and certified carrier of
26 persons and distributed by the operator to its customers during
27 their travel on the carrier; and

1 (2) a publication for the dissemination of news of a
2 general character and of a general interest that is printed on
3 newsprint and distributed to the general public free of charge at a
4 daily, weekly, or other short interval [~~has the meaning assigned by~~
5 ~~Section 151.319(f)~~].

6 SECTION 2.10. Subchapter A, Chapter 151, Tax Code, is
7 amended by adding Sections 151.00391, 151.00425, 151.0044, and
8 151.00442 to read as follows:

9 Sec. 151.00391. "INTERIOR DESIGN OR INTERIOR DECORATING
10 SERVICES". "Interior design or interior decorating services" means
11 an act or activity provided by a person who represents that the
12 person is a "registered interior designer" under Section 1053.151,
13 Occupations Code, in connection with the act or activity or the
14 selection or provision of advice regarding the selection of
15 furnishings, materials, or finishing for a residential or
16 commercial space.

17 Sec. 151.00425. "MESSAGE THERAPY SERVICES". "Massage
18 therapy services" means acts or activities that constitute "massage
19 therapy," as that term is defined by Section 455.001, Occupations
20 Code, and any other acts or activities performed for a massage
21 therapist's client in relation to massage therapy.

22 Sec. 151.0044. "PACKING SERVICES". "Packing services"
23 means packing, crating, or wrapping. The term includes gift and
24 package wrapping.

25 Sec. 151.00442. "PERSONAL INSTRUCTION SERVICES". "Personal
26 instruction services" means coaching or instruction in an
27 individual skill, including dance, golf, or tennis.

1 SECTION 2.11. Section 151.0047, Tax Code, is amended to
2 read as follows:

3 Sec. 151.0047. "REAL PROPERTY CONSTRUCTION SERVICES
4 [~~REPAIR AND REMODELING~~"]. [(a)] "Real property construction
5 services [~~repair and remodeling~~]" means the construction, repair,
6 restoration, remodeling, or modification of an improvement to real
7 property [~~other than:~~

8 [(1) ~~a structure or separate part of a structure used~~
9 ~~as a residence;~~

10 [(2) ~~an improvement immediately adjacent to a~~
11 ~~structure described by Subdivision (1) of this section and used in~~
12 ~~the residential occupancy of the structure or separate part of the~~
13 ~~structure by the person using the structure or part as a residence;~~
14 ~~or~~

15 [(3) ~~an improvement to a manufacturing or processing~~
16 ~~production unit in a petrochemical refinery or chemical plant that~~
17 ~~provides increased capacity in the production unit].~~

18 [(b) ~~In this section:~~

19 [(1) ~~"Increased capacity" means the capability to~~
20 ~~produce:~~

21 [(A) ~~additional products or services as measured~~
22 ~~by units per hour or units per year; or~~

23 [(B) ~~a new product or service.~~

24 [(2) ~~"Production unit" means a group of manufacturing~~
25 ~~and processing machines and ancillary equipment that together are~~
26 ~~necessary to create or produce a physical or chemical change~~
27 ~~beginning with the first processing of the raw material and ending~~

1 ~~with the finished product.~~

2 ~~[(3) "New product" means a product that:~~

3 ~~[(A) has different product properties and a~~
4 ~~different commercial application than the product previously~~
5 ~~manufactured or processed by the production unit that produced the~~
6 ~~previous product; and~~

7 ~~[(B) is not created by straining or purifying an~~
8 ~~existing product or by making cosmetic changes, such as adding or~~
9 ~~removing color or odor, to or from an existing product.]~~

10 SECTION 2.12. Section 151.006(a), Tax Code, is amended to
11 read as follows:

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

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

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

27 (3) tangible personal property to a purchaser who

1 acquires the property for the purpose of transferring it in the
2 United States of America or a possession or territory of the United
3 States of America or in the United Mexican States as an integral
4 part of a taxable service;

5 (4) a taxable service, other than a transport service,
6 performed on tangible personal property that is held for sale by the
7 purchaser of the taxable service; or

8 (5) except as provided by Subsection (c), tangible
9 personal property to a purchaser who acquires the property for the
10 purpose of transferring it as an integral part of performing a
11 contract, or a subcontract of a contract, with the federal
12 government only if the purchaser:

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

15 (B) transfers title to the property to the
16 federal government under the contract and applicable federal
17 acquisition regulations.

18 SECTION 2.13. Section [151.0101\(a\)](#), Tax Code, is amended to
19 read as follows:

20 (a) "Taxable services" means:

21 (1) amusement services;

22 (2) cable television services;

23 (3) personal services;

24 (4) motor vehicle parking and storage services;

25 (5) the repair, remodeling, maintenance, and
26 restoration of tangible personal property, except:

27 (A) aircraft;

- 1 (B) a ship, boat, or other vessel, other than:
2 (i) a taxable boat or motor as defined by
3 Section 160.001;
4 (ii) a sports fishing boat; or
5 (iii) any other vessel used for pleasure;
6 and
7 (C) [~~the repair, maintenance, and restoration of~~
8 ~~a motor vehicle; and~~
9 [~~(D)~~] the repair, maintenance, creation, and
10 restoration of a computer program, including its development and
11 modification, not sold by the person performing the repair,
12 maintenance, creation, or restoration service;
13 (6) telecommunications services;
14 (7) credit reporting services;
15 (8) debt collection services;
16 (9) insurance services;
17 (10) information services;
18 (11) real property services;
19 (12) data processing services;
20 (13) real property construction services, except to
21 the extent prohibited by Section 29, Article VIII, Texas
22 Constitution [~~repair and remodeling~~];
23 (14) security services;
24 (15) telephone answering services;
25 (16) Internet access service; [~~and~~]
26 (17) a sale by a transmission and distribution
27 utility, as defined in Section 31.002, Utilities Code, of

1 transmission or delivery of service directly to an electricity
2 end-use customer whose consumption of electricity is subject to
3 taxation under this chapter;

4 (18) accounting and audit services;

5 (19) automotive services;

6 (20) barbering or cosmetology services;

7 (21) dating services;

8 (22) debt management services;

9 (23) funeral services;

10 (24) hunting or fishing guide services;

11 (25) interior design or interior decorating services;

12 (26) massage therapy services;

13 (27) packing services;

14 (28) personal instruction services;

15 (29) transport services; and

16 (30) veterinary services.

17 SECTION 2.14. Subchapter A, Chapter 151, Tax Code, is
18 amended by adding Sections 151.0108 and 151.013 to read as follows:

19 Sec. 151.0108. "TRANSPORT SERVICES". "Transport services"
20 means private mail or package delivery or courier service sold to a
21 person in this state.

22 Sec. 151.013. "VETERINARY SERVICES". "Veterinary
23 services" means an act or activity constituting the "practice of
24 veterinary medicine," as that term is defined by Section 801.002,
25 Occupations Code, and any other act or activity provided to a
26 veterinarian's client in relation to the practice of veterinary
27 medicine. The term also includes:

1 (1) prescribed medications, artificial insemination,
2 breeding services, boarding, and training provided by a
3 veterinarian or a person employed by a veterinarian; and

4 (2) medical tests performed on an animal or on tissue,
5 fluids, or other substances removed from an animal in connection
6 with diagnosis or treatment.

7 SECTION 2.15. Section 151.1551(a), Tax Code, is amended to
8 read as follows:

9 (a) This section applies to an exemption provided by:

10 (1) Section 151.316(a)(6), (7), (8), (10), (11), (12),
11 or (14);

12 (2) Section 151.316(b) for tangible personal property
13 used in the production of agricultural products for sale;

14 (3) Section 151.3162(b) for tangible personal
15 property used in the production of timber for sale;

16 (4) Sections 151.317(a)(4) and (10) [~~151.317(a)(5)~~
17 ~~and (11)~~] for electricity used in agriculture or timber operations;
18 and

19 (5) Section 151.3111 for services performed on
20 tangible personal property exempted under Section 151.316(a)(6),
21 (7), (8), (10), (11), or (12), 151.316(b), or 151.3162(b).

22 SECTION 2.16. Section 151.313(a), Tax Code, is amended to
23 read as follows:

24 (a) The following items are exempted from the taxes imposed
25 by this chapter:

26 (1) a drug or medicine, other than insulin, if
27 prescribed or dispensed for a human or animal by a licensed

1 practitioner of the healing arts;

2 (2) insulin;

3 (3) [~~a drug or medicine that is required to be labeled~~
4 ~~with a "Drug Facts" panel in accordance with regulations of the~~
5 ~~federal Food and Drug Administration, without regard to whether it~~
6 ~~is prescribed or dispensed by a licensed practitioner of the~~
7 ~~healing arts,~~

8 [~~(4)~~] a hypodermic syringe or needle;

9 (4) [~~(5)~~] a brace; hearing aid or audio loop;
10 orthopedic, dental, or prosthetic device; ileostomy, colostomy, or
11 ileal bladder appliance; or supplies or replacement parts for the
12 listed items;

13 (5) [~~(6)~~] a therapeutic appliance, device, and any
14 related supplies specifically designed for those products, if
15 dispensed or prescribed by a licensed practitioner of the healing
16 arts, when those items are purchased and used by an individual for
17 whom the items listed in this subdivision were dispensed or
18 prescribed;

19 (6) [~~(7)~~] corrective lens and necessary and related
20 supplies, if dispensed or prescribed by an ophthalmologist or
21 optometrist;

22 (7) [~~(8)~~] specialized printing or signalling
23 equipment used by the deaf for the purpose of enabling the deaf to
24 communicate through the use of an ordinary telephone and all
25 materials, paper, and printing ribbons used in that equipment;

26 (8) [~~(9)~~] a braille wristwatch, braille writer,
27 braille paper and braille electronic equipment that connects to

1 computer equipment, and the necessary adaptive devices and adaptive
2 computer software;

3 (9) [~~(10)~~] each of the following items if purchased
4 for use by the blind to enable them to function more independently:
5 a slate and stylus, print enlarger, light probe, magnifier, white
6 cane, talking clock, large print terminal, talking terminal, or
7 harness for guide dog;

8 (10) [~~(11)~~] hospital beds;

9 (11) [~~(12)~~] blood glucose monitoring test strips;

10 (12) [~~(13)~~] an adjustable eating utensil used to
11 facilitate independent eating if purchased for use by a person,
12 including a person who is elderly or physically disabled, has had a
13 stroke, or is a burn victim, who does not have full use or control of
14 the person's hands or arms;

15 (13) [~~(14)~~] subject to Subsection (d), a dietary
16 supplement; and

17 (14) [~~(15)~~] intravenous systems, supplies, and
18 replacement parts designed or intended to be used in the diagnosis
19 or treatment of humans.

20 SECTION 2.17. Sections 151.314(b), (c), (c-2), (c-3), and
21 (d), Tax Code, are amended to read as follows:

22 (b) "Food products" shall include, except as otherwise
23 provided herein, but shall not be limited to cereals and cereal
24 products; milk and milk products[~~, including ice cream~~];
25 oleomargarine; meat and meat products; poultry and poultry
26 products; fish and fish products; eggs and egg products; vegetables
27 and vegetable products; fruit and fruit products; spices,

1 condiments, and salt; sugar and sugar products; coffee and coffee
2 substitutes; tea; cocoa products; [~~snack items,~~] or any combination
3 of the above.

4 (c) "Food products" shall not include:

5 (1) drugs, medicines, tonics, vitamins, dietary
6 supplements, and medicinal preparations in any form;

7 (2) carbonated and noncarbonated packaged soft
8 drinks, which are nonalcoholic beverages that contain natural or
9 artificial sweeteners;

10 (3) ice; [~~or~~]

11 (4) candy;

12 (5) bakery items; or

13 (6) snack items.

14 (c-2) The exemption provided by Subsection (a) does not
15 include the following prepared food:

16 (1) [~~except as provided by Subsection (c-3)(1),~~] food,
17 food products, and drinks, including meals, milk and milk products,
18 fruit and fruit products, sandwiches, salads, processed meats and
19 seafoods, and vegetable juice[~~, and ice cream in cones or small~~
20 ~~cups,~~] served, prepared, or sold ready for immediate consumption by
21 restaurants, lunch counters, cafeterias, delis, vending machines,
22 hotels, or like places of business or sold ready for immediate
23 consumption from pushcarts, motor vehicles, or any other form of
24 vehicle;

25 (2) [~~except as provided by Subsection (c-3)(1),~~] food
26 sold in a heated state or heated by the seller; or

27 (3) two or more food ingredients mixed or combined by

1 the seller for sale as a single item, including items that are sold
2 in an unheated state by weight or volume as a single item, but not
3 including food that is only cut, repackaged, or pasteurized by the
4 seller.

5 (c-3) The exemption provided by Subsection (a) includes[+]

6 [~~(1) bakery items sold by a bakery, regardless of~~
7 ~~whether the items are:~~

8 [~~(A) heated by the consumer or seller; or~~

9 [~~(B) served with plates or other eating utensils;~~

10 [~~(2) bakery items sold at a retail location other than~~
11 ~~a bakery without plates or other eating utensils; and~~

12 [~~(3)~~] eggs, fish, meat, and poultry, and foods
13 containing these raw animal foods, that require cooking by the
14 consumer as recommended by the Food and Drug Administration in
15 Chapter 3, Section 401.11 of its Food Code to prevent food-borne
16 illness and any other food that requires cooking by the consumer
17 before the food is edible.

18 (d) Food products, meals, soft drinks, bakery items, snack
19 items, and candy for human consumption are exempted from the taxes
20 imposed by this chapter if:

21 (1) served by a public or private school, school
22 district, student organization, booster club or other school
23 support organization, or parent-teacher association under an
24 agreement with the proper school authorities in an elementary or
25 secondary school during the regular school day or by a
26 parent-teacher association during a fund-raising sale the proceeds
27 of which do not benefit an individual;

- 1 (2) sold by a church or at a function of a church;
- 2 (3) served to a patient or inmate of a hospital or
- 3 other institution licensed by the state for the care of humans;
- 4 (4) served to a permanent resident of a retirement
- 5 facility which provides permanent housing and residence to
- 6 individuals, a majority of whom are 60 years or older; or
- 7 (5) sold during an event sponsored or sanctioned by an
- 8 elementary or secondary school or school district at a concession
- 9 stand operated by a booster club or other school support
- 10 organization formed to support the school or school district, but
- 11 only if the proceeds from the sales benefit the school or school
- 12 district.

13 SECTION 2.18. Section 151.314(e), Tax Code, as amended by

14 Chapters 209 (H.B. 2424) and 1310 (H.B. 2425), Acts of the 78th

15 Legislature, 2003, is reenacted and amended to read as follows:

16 (e) Food products, candy, snack items, bakery items, and

17 soft drinks are exempted from the taxes imposed by this chapter if

18 sold at an exempt sale qualifying under this subsection or if stored

19 or used by the purchaser of the item at the exempt sale. A sale is

20 exempted under this subsection if[+]

21 [~~(1)~~] the sale is made by a member of or volunteer for

22 a nonprofit organization devoted to the exclusive purpose of

23 education or religious or physical training or by a group

24 associated with a public or private elementary or secondary school

25 and:

- 26 (1) [+]
- 27 [~~(2)~~] the sale is made as a part of a fund-raising

1 drive sponsored by the organization or group; and

2 (2) [~~(3)~~] all net proceeds from the sale go to the
3 organization or group for its exclusive use.

4 SECTION 2.19. Sections 151.317(a) and (d), Tax Code, are
5 amended to read as follows:

6 (a) Subject to Sections 151.1551, 151.359, and 151.3595 and
7 Subsection (d) of this section, gas and electricity are exempted
8 from the taxes imposed by this chapter when sold for:

9 (1) [~~residential use;~~

10 [~~(2)~~] use in powering equipment exempt under Section
11 151.318 or 151.3185 by a person processing tangible personal
12 property for sale as tangible personal property, other than
13 preparation or storage of prepared food described by Section
14 151.314(c-2);

15 (2) [~~(3)~~] use in lighting, cooling, and heating in the
16 manufacturing area during the actual manufacturing or processing of
17 tangible personal property for sale as tangible personal property,
18 other than preparation or storage of prepared food described by
19 Section 151.314(c-2);

20 (3) [~~(4)~~] use directly in exploring for, producing, or
21 transporting, a material extracted from the earth;

22 (4) [~~(5)~~] use in agriculture, including dairy or
23 poultry operations and pumping for farm or ranch irrigation;

24 (5) [~~(6)~~] use directly in electrical processes, such
25 as electroplating, electrolysis, and cathodic protection;

26 (6) [~~(7)~~] use directly in the off-wing processing,
27 overhaul, or repair of a jet turbine engine or its parts for a

1 certificated or licensed carrier of persons or property;

2 (7) [~~(8)~~] use directly in providing, under contracts
3 with or on behalf of the United States government or foreign
4 governments, defense or national security-related electronics,
5 classified intelligence data processing and handling systems, or
6 defense-related platform modifications or upgrades;

7 (8) [~~(9)~~] use directly by a data center or large data
8 center project that is certified by the comptroller as a qualifying
9 data center under Section 151.359 or a qualifying large data center
10 project under Section 151.3595 in the processing, storage, and
11 distribution of data;

12 (9) [~~(10)~~] a direct or indirect use, consumption, or
13 loss of electricity by an electric utility engaged in the purchase
14 of electricity for resale; or

15 (10) [~~(11)~~] use in timber operations, including
16 pumping for irrigation of timberland.

17 (d) To qualify for the exemptions in Subsections (a)(1)-(8)
18 [~~(a)(2)-(9)~~], the gas or electricity must be sold to the person
19 using the gas or electricity in the exempt manner. For purposes of
20 this subsection, the use of gas or electricity in an exempt manner
21 by an independent contractor engaged by the purchaser of the gas or
22 electricity to perform one or more of the exempt activities
23 identified in Subsections (a)(1)-(8) [~~(a)(2)-(9)~~] is considered
24 use by the purchaser of the gas or electricity.

25 SECTION 2.20. Section 151.350(d), Tax Code, is amended to
26 read as follows:

27 (d) In this section, "restore" means:

1 (1) launder, clean, repair, treat, or apply protective
2 chemicals to an item, to the extent the service is a personal
3 service as defined in Section 151.0045; and

4 (2) repair, restore, or remodel, to the extent the
5 service is:

6 (A) considered to be the ~~[a real property]~~
7 repair, restoration, ~~[or]~~ remodeling, or modification of an
8 improvement to real property under ~~[service as defined in]~~ Section
9 151.0047; or

10 (B) defined as a taxable service in Section
11 151.0101(a)(5).

12 SECTION 2.21. Section 151.401(a), Tax Code, is amended to
13 read as follows:

14 (a) The taxes imposed by this chapter are due and payable to
15 the comptroller on or before the 20th day of the month following the
16 end of each calendar month unless a taxpayer qualifies as a
17 quarterly filer under Subsection (b) ~~[of this section or unless the~~
18 ~~taxpayer prepays the tax on a quarterly basis as permitted by~~
19 ~~Section 151.424 of this code]~~.

20 SECTION 2.22. Section 151.425, Tax Code, is amended to read
21 as follows:

22 Sec. 151.425. FORFEITURE OF ~~[DISCOUNT OR]~~ REIMBURSEMENT.
23 If a taxpayer fails to file a report required by this chapter when
24 due or to pay the tax when due, the taxpayer forfeits any claim to a
25 deduction ~~[or discount]~~ allowed under Section 151.423 ~~[or Section~~
26 ~~151.424 of this code]~~.

27 SECTION 2.23. Section 151.428(c), Tax Code, is amended to

1 read as follows:

2 (c) The reporting, collection, refund, and penalty
3 provisions of this chapter and Subtitle B of this title apply to the
4 payments required by this section, except that Section [~~Sections~~
5 151.423 does [~~and 151.424 of this code do~~] not apply to this
6 section.

7 SECTION 2.24. Section 152.047(a), Tax Code, is amended to
8 read as follows:

9 (a) Except as inconsistent with this chapter and rules
10 adopted under this chapter, the seller of a motor vehicle shall
11 report and pay the tax imposed on a seller-financed sale to the
12 comptroller on the seller's receipts from seller-financed sales in
13 the same manner as the sales tax is reported and paid by a retailer
14 under Sections 151.401, 151.402, 151.405, 151.406, 151.409,
15 151.423, [~~151.424~~] and 151.425.

16 SECTION 2.25. The heading to Section 162.014, Tax Code, is
17 amended to read as follows:

18 Sec. 162.014. OTHER MOTOR FUEL EXCISE OR OCCUPATION TAXES
19 PROHIBITED.

20 SECTION 2.26. Subtitle E, Title 2, Tax Code, is amended by
21 adding Chapter 164 to read as follows:

22 CHAPTER 164. TAX ON SALE OF GASOLINE OR DIESEL FUEL

23 Sec. 164.0001. DEFINITIONS. In this chapter:

24 (1) "Diesel fuel" and "gasoline" have the meanings
25 assigned by Section 162.001.

26 (2) "Motor fuel" means diesel fuel or gasoline.

27 Sec. 164.0002. RULES. The comptroller may adopt rules

1 necessary for the administration of this chapter.

2 Sec. 164.0003. SALES TAX IMPOSED. (a) A tax is imposed on
3 each sale at retail of motor fuel in this state.

4 (b) The rate of the tax is 6.25 percent of the sales price of
5 the motor fuel.

6 Sec. 164.0004. APPLICABILITY OF OTHER LAW. (a) Except as
7 otherwise provided by this chapter:

8 (1) the tax imposed by this chapter is administered,
9 collected, and enforced in the same manner as the tax under Chapter
10 151 is administered, collected, and enforced; and

11 (2) Chapter 151 applies to the tax imposed by this
12 chapter in the same manner as Chapter 151 applies to the tax imposed
13 under Section 151.051.

14 (b) The tax imposed by this chapter is in addition to any
15 other tax imposed by state law.

16 (c) Motor fuel subject to the tax imposed under this chapter
17 is exempt from the taxes imposed under Subtitle C, Title 3.

18 Sec. 164.0005. ALLOCATION OF TAX. The comptroller shall
19 allocate the net revenue derived from the tax imposed by this
20 chapter as follows:

21 (1) 25 percent to the credit of the available school
22 fund; and

23 (2) the remainder to the credit of the state highway
24 fund.

25 SECTION 2.27. Subtitle E, Title 2, Tax Code, is amended by
26 adding Chapter 165 to read as follows:

1 CHAPTER 165. TAX ON E-CIGARETTE VAPOR PRODUCTS

2 Sec. 165.0001. DEFINITIONS. In this chapter:

3 (1) "E-cigarette" has the meaning assigned by Section
4 161.081, Health and Safety Code.

5 (2) "Vapor product" means a consumable nicotine liquid
6 solution or other material containing nicotine suitable for use in
7 an e-cigarette.

8 Sec. 165.0002. E-CIGARETTE VAPOR PRODUCT SALES TAX. (a) A
9 tax is imposed on each sale of a vapor product in this state.

10 (b) The tax rate is 10 cents for each milliliter or
11 fractional part of a milliliter of vapor product sold.

12 (c) The tax imposed under this section is in addition to the
13 tax imposed under Subchapter C, Chapter 151. The tax imposed under
14 this section does not apply to a sale unless the tax imposed under
15 Subchapter C, Chapter 151, applies to the sale.

16 Sec. 165.0003. E-CIGARETTE VAPOR PRODUCT USE TAX. (a) A
17 tax is imposed on the storage, use, or other consumption in this
18 state of a vapor product purchased from a retailer for storage, use,
19 or other consumption in this state.

20 (b) The tax rate is 10 cents for each milliliter or
21 fractional part of a milliliter of vapor product stored, used, or
22 otherwise consumed in this state.

23 (c) The tax imposed under this section is in addition to the
24 tax imposed under Subchapter D, Chapter 151. The tax imposed under
25 this section does not apply to the storage, use, or other
26 consumption of a vapor product unless the tax imposed under
27 Subchapter D, Chapter 151, applies to the storage, use, or other

1 consumption.

2 Sec. 165.0004. APPLICATION OF OTHER PROVISIONS OF CODE.

3 (a) Except as provided by this chapter:

4 (1) the taxes imposed under this chapter are
5 administered, imposed, collected, and enforced in the same manner
6 as the taxes under Chapter 151 are administered, imposed,
7 collected, and enforced; and

8 (2) the provisions of Chapter 151 applicable to the
9 sales tax imposed under Subchapter C, Chapter 151, and the use tax
10 imposed under Subchapter D, Chapter 151, apply to the sales and use
11 taxes imposed under this chapter.

12 (b) A change in the law relating to the taxation of the sale
13 or use of a vapor product under Chapter 151 also applies to the
14 sales or use tax imposed under this chapter.

15 Sec. 165.0005. REPORTS. (a) A person required to file a
16 report under Section 151.403 who is also required to collect or pay
17 a tax under this chapter shall file with the comptroller a report
18 stating:

19 (1) for sales tax purposes, the volume of vapor
20 products sold by the seller during the reporting period;

21 (2) for use tax purposes, the volume of vapor products
22 sold by the retailer during the reporting period for storage, use,
23 or other consumption in this state;

24 (3) the volume of vapor products subject to the use tax
25 that were acquired during the reporting period for storage, use, or
26 other consumption in this state by a purchaser who did not pay the
27 tax to a retailer;

1 (4) the amount of the taxes due under this chapter for
2 the reporting period; and

3 (5) any other information required by the comptroller.

4 (b) The report required by this section for a reporting
5 period is due on the same date that the tax payment for the period is
6 due.

7 Sec. 165.0006. RECORDS. A person required to file a report
8 under Section 151.403 who is also required to collect or pay a tax
9 under this chapter shall keep a complete record of:

10 (1) the volume of vapor products sold in this state
11 during each reporting period;

12 (2) the volume of vapor products, including the
13 constituent parts of vapor products, purchased from every source
14 during each reporting period;

15 (3) all sales and use taxes, and any money represented
16 to be sales or use tax, collected during each reporting period; and

17 (4) any other information required by the comptroller.

18 Sec. 165.0007. DISPOSITION OF PROCEEDS. The comptroller
19 shall deposit the proceeds from taxes imposed under this chapter to
20 the credit of the general revenue fund.

21 SECTION 2.28. Section 171.1012, Tax Code, is amended by
22 adding Subsection (u) to read as follows:

23 (u) Notwithstanding any other provision of this section, a
24 taxable entity that employs a professional athlete and that elects
25 to subtract costs of goods sold may not include the cost to employ
26 the professional athlete as labor costs when calculating the
27 entity's costs of goods sold to the extent the amount paid to the

1 athlete exceeds the limit on wage and cash compensation under
2 Section 171.1013(c) as applied to the athlete. In this subsection,
3 "professional athlete" has the meaning assigned by Section 406.095,
4 Labor Code.

5 SECTION 2.29. Section 183.043(b), Tax Code, is amended to
6 read as follows:

7 (b) Section [~~Sections~~] 151.423 does [~~and 151.424 do~~] not
8 apply to the tax imposed by this subchapter.

9 SECTION 2.30. Section 313.021(2), Tax Code, is amended to
10 read as follows:

11 (2) "Qualified property" means:

12 (A) land:

13 (i) that is located in an area designated as
14 a reinvestment zone under Chapter 311 or 312 or as an enterprise
15 zone under Chapter 2303, Government Code;

16 (ii) on which a person proposes to
17 construct a new building or erect or affix a new improvement that
18 does not exist before the date the person submits a complete
19 application for a limitation on appraised value under this
20 subchapter;

21 (iii) that is not subject to a tax abatement
22 agreement entered into by a school district under Chapter 312; and

23 (iv) on which, in connection with the new
24 building or new improvement described by Subparagraph (ii), the
25 owner or lessee of, or the holder of another possessory interest in,
26 the land proposes to:

27 (a) make a qualified investment in an

1 amount equal to at least the minimum amount required by Section
2 313.023; and

3 (b) create at least 25 new qualifying
4 jobs;

5 (B) the new building or other new improvement
6 described by Paragraph (A)(ii); and

7 (C) tangible personal property:

8 (i) that is not subject to a tax abatement
9 agreement entered into by a school district under Chapter 312; and

10 (ii) [~~for which a sales and use tax refund~~
11 ~~is not claimed under Section 151.3186; and~~

12 [~~(iii)~~] except for new equipment described
13 in Section 151.318(q) or (q-1), that is first placed in service in
14 the new building, in the newly expanded building, or in or on the
15 new improvement described by Paragraph (A)(ii), or on the land on
16 which that new building or new improvement is located, if the
17 personal property is ancillary and necessary to the business
18 conducted in that new building or in or on that new improvement.

19 SECTION 2.31. Section 321.203(n), Tax Code, is amended to
20 read as follows:

21 (n) A sale of a service described by Section 151.0047 to
22 construct, repair, restore, remodel, [repair,] or modify an
23 improvement to [~~restore nonresidential~~] real property is
24 consummated at the location of the job site.

25 SECTION 2.32. Section 323.203(m), Tax Code, is amended to
26 read as follows:

27 (m) A sale of a service described by Section 151.0047 to

1 construct, repair, restore, remodel, [~~repair,~~] or modify an
2 improvement to [~~restore nonresidential]~~ real property is
3 consummated at the location of the job site.

4 SECTION 2.33. Subchapter B, Chapter 501, Transportation
5 Code, is amended by adding Section 501.0301 to read as follows:

6 Sec. 501.0301. CERTAIN OFF-HIGHWAY VEHICLES PURCHASED
7 OUTSIDE THIS STATE. (a) In this section:

8 (1) "Off-highway vehicle" means:

9 (A) an all-terrain vehicle or recreational
10 off-highway vehicle, as those terms are defined by Section 502.001;

11 (B) a motorcycle, as that term is defined by
12 Section 541.201, other than a motorcycle described by Section
13 521.001, that is designed by the manufacturer for off-highway use
14 only; or

15 (C) a utility vehicle, as that term is defined by
16 Section 663.001.

17 (2) "Retailer" has the meaning assigned by Section
18 151.008, Tax Code.

19 (b) A county assessor-collector may not issue a title
20 receipt and the department may not issue a certificate of title for
21 an off-highway vehicle purchased from a retailer located outside
22 this state unless the applicant for the title delivers to the
23 assessor-collector or the department, as applicable, satisfactory
24 evidence showing that the applicant:

25 (1) has paid to the comptroller the applicable use tax
26 imposed on the vehicle under Subchapter D, Chapter 151, Tax Code; or

27 (2) is not required to pay any taxes described by

1 Subdivision (1).

2 SECTION 2.34. Subchapter F, Chapter 502, Transportation
3 Code, is amended by adding Sections 502.257 and 502.258 to read as
4 follows:

5 Sec. 502.257. FEE; ELECTRIC MOTOR VEHICLE. The fee for a
6 registration year for registration of a motor vehicle that uses
7 electricity as its only source of motor power is the greater of:

8 (1) \$225; or

9 (2) the applicable fee under Section 502.253.

10 Sec. 502.258. FEE; HYBRID MOTOR VEHICLE. (a) In this
11 section, "hybrid motor vehicle" means a motor vehicle that draws
12 propulsion energy from both gasoline or conventional diesel fuel
13 and a rechargeable energy storage system.

14 (b) The fee for a registration year for registration of a
15 hybrid motor vehicle is the greater of:

16 (1) \$125; or

17 (2) the applicable fee under Section 502.253.

18 SECTION 2.35. The following provisions of the Tax Code are
19 repealed:

20 (1) Section 23.1241(b-1);

21 (2) Section 151.314(h);

22 (3) Section 151.315;

23 (4) Section 151.317(c);

24 (5) Section 151.3186;

25 (6) Section 151.319;

26 (7) Section 151.320;

27 (8) Section 151.335; and

1 (9) Section 151.424.

2 SECTION 2.36. Not later than March 1, 2020, a manufacturer
3 shall submit the first report required by Section 2301.008,
4 Occupations Code, as added by this article.

5 SECTION 2.37. This article applies only to ad valorem taxes
6 imposed for a tax year beginning on or after the effective date of
7 this Act.

8 SECTION 2.38. The changes in law made by this article do not
9 affect tax liability accruing before the effective date of this
10 Act. That liability continues in effect as if this Act had not been
11 enacted, and the former law is continued in effect for the
12 collection of taxes due and for civil and criminal enforcement of
13 the liability for those taxes.

14 SECTION 2.39. Section 501.0301, Transportation Code, as
15 added by this article, applies only to an application for title that
16 is filed on or after the effective date of this Act. An application
17 for title that is filed before the effective date of this Act is
18 governed by the law in effect on the date the application was filed,
19 and the former law is continued in effect for that purpose.

20 ARTICLE 3. EFFECTIVE DATE

21 SECTION 3.01. This Act takes effect January 1, 2020, but
22 only if the constitutional amendment proposed by the 86th
23 Legislature, Regular Session, 2019, authorizing the legislature to
24 exempt from ad valorem taxation by a school district a portion of
25 the appraised value of an individual's residence homestead in an
26 amount equal to the lesser of 50 percent of the appraised value of
27 the residence homestead after all other applicable exemptions for

1 which the individual has qualified the homestead are applied or 150
2 percent of the median appraised value of all single-family
3 residences in the state and authorizing the legislature to exempt
4 from ad valorem taxation by one or more political subdivisions of
5 this state inventory held for sale at retail is approved by the
6 voters. If that constitutional amendment is not approved by the
7 voters, this Act has no effect.