

BILL ANALYSIS

C.S.H.B. 4072
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Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Concerns have been raised that local sales and use tax administration is confusing and unclear for retailers and taxpayers because certain sales are sourced to the location where the item is shipped or delivered or where the purchaser takes possession while others are sourced to the seller's place of business. C.S.H.B. 4072 seeks to simplify and clarify local sales and use tax administration by establishing as the state's default sourcing method a destination-based method under which sales are sourced to the location where the item is shipped or delivered or where the purchaser takes possession.

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. 4072 amends the Tax Code to establish a destination-based sourcing method as the default for determining the location at which sales of items are consummated for purposes of local sales and use taxes. The bill establishes that all sales of taxable items are consummated at the location in Texas to which the item is shipped or delivered or at which possession is taken by the purchaser, except as otherwise provided.

C.S.H.B. 4072 repeals the following provisions:

- Section 3853.202(d), Special District Local Laws Code;
- Sections 321.203(c), (c-1), (c-4), (c-5), (d), (e), (e-1), and (m), Tax Code; and
- Sections 323.203(c), (c-1), (c-4), (c-5), (d), (e), and (e-1), Tax Code.

EFFECTIVE DATE

January 1, 2023.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 4072 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 changes the bill's effective date from October 1, 2021, as in the original, to January 1, 2023.