

By: Springer

S.B. No. 1711

A BILL TO BE ENTITLED

AN ACT

relating to state and local taxes and fees; imposing a tax; imposing 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 48.255(b), Education Code, is amended to read as follows:

(b) The state 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 percent; or

(2) a compression percentage established by

1 appropriation for a school year [~~93 percent, or a lower percentage~~  
2 ~~set by appropriation for a school year,~~

3 [~~(2) the percentage determined by the following~~  
4 ~~formula:~~

5 [~~SCP = PYCP X 1.025 / (1 + ECPV), or~~

6 [~~(3) the percentage determined under this section for~~  
7 ~~the preceding school year].~~

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

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

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

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

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

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

25 (A) is within a reinvestment zone created on or  
26 before May 31, 1999, or is proposed to be included within the  
27 boundaries of a reinvestment zone as the boundaries of the zone and

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

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

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

15 (5) the total dollar amount of any captured appraised  
16 value of property that:

17 (A) is within a reinvestment zone:

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

20 (ii) the project plan for which includes  
21 the alteration, remodeling, repair, or reconstruction of a  
22 structure that is included on the National Register of Historic  
23 Places and requires that a portion of the tax increment of the zone  
24 be used for the improvement or construction of related facilities  
25 or for affordable housing;

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

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

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

5                   (7) the difference between the comptroller's estimate  
6 of the market value and the productivity value of land that  
7 qualifies for appraisal on the basis of its productive capacity,  
8 except that the productivity value estimated by the comptroller may  
9 not exceed the fair market value of the land;

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

16                  (9) a portion of the market value of property not  
17 otherwise fully taxable by the district at market value because of  
18 action required by statute or the constitution of this state, other  
19 than Section 11.311, Tax Code, that, if the tax rate adopted by the  
20 district is applied to it, produces an amount equal to the  
21 difference between the tax that the district would have imposed on  
22 the property if the property were fully taxable at market value and  
23 the tax that the district is actually authorized to impose on the  
24 property, if this subsection does not otherwise require that  
25 portion to be deducted;

26                  (10) the market value of all tangible personal  
27 property, other than manufactured homes, owned by a family or

1 individual and not held or used for the production of income;

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

5 (12) the portion of the appraised value of property  
6 the collection of delinquent taxes on which is deferred under  
7 Section 33.065, Tax Code;

8 (13) the amount by which the market value of a  
9 residence homestead to which Section 23.23, Tax Code, applies  
10 exceeds the appraised value of that property as calculated under  
11 that section; and

12 (14) the total dollar amount of any exemptions granted  
13 under Section 11.35, Tax Code.

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

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

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

24 (2) granting the exemption would impair the obligation  
25 of the contract creating the debt.

26 (s) In addition to any other exemptions provided by this  
27 section, an individual is entitled to an exemption from taxation by

1 a school district of a portion of the appraised value of the  
2 individual's residence homestead in an amount equal to 150 percent  
3 of the median appraised value of all single family residences in  
4 this state in the preceding year as determined by the comptroller  
5 under Subsection (t).

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

10 SECTION 1.04. Section 48.255(c), Education Code, is  
11 repealed.

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

14 ARTICLE 2. PROVISIONS RELATED TO OTHER FEE AND TAX REVENUE

15 SECTION 2.01. Subchapter A, Chapter 151, Tax Code, is  
16 amended by adding Section 151.0025 to read as follows:

17 Sec. 151.0025. "ADVERTISING SERVICES". "Advertising  
18 services" means:

19 (1) the provision of advertising space and time,  
20 including television and radio time, magazine space, newspaper  
21 space, and billboard space; or

22 (2) the development of an advertising campaign or the  
23 content of an advertisement, including a television, radio, print,  
24 or Internet advertisement.

25 SECTION 2.02. Sections 151.0028(a) and (b), Tax Code, are  
26 amended to read as follows:

27 (a) "Amusement services" means the provision of amusement,

1 entertainment, tanning, or recreation, but does not include the  
2 provision of educational or health services if prescribed by a  
3 licensed practitioner of the healing arts for the primary purpose  
4 of education or health maintenance or improvement.

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

8 SECTION 2.03. Subchapter A, Chapter 151, Tax Code, is  
9 amended by adding Sections 151.0029, 151.00295, 151.00352,  
10 151.00375, and 151.00378 to read as follows:

11 Sec. 151.0029. "AUTOMOTIVE SERVICES". "Automotive  
12 services" means services performed on or to a motor vehicle,  
13 including washing, waxing, painting, lubrication, rustproofing,  
14 and undercoating.

15 Sec. 151.00295. "BARBERING OR COSMETOLOGY SERVICES".  
16 "Barbering or cosmetology services" means acts or activities that  
17 constitute "barbering," as that term is defined by Section  
18 1601.002, Occupations Code, or "cosmetology," as that term is  
19 defined by Section 1602.002, Occupations Code, and any other act or  
20 activity provided to a client of a person who holds a license,  
21 certificate, permit, or other credential issued under Chapter 1601,  
22 1602, or 1603, Occupations Code, authorizing the person to practice  
23 or perform the activity.

24 Sec. 151.00352. "DATING SERVICES". "Dating services" means  
25 services to arrange romantic or social dates between individuals,  
26 to offer potential romantic or social dates to individuals, or to  
27 allow individuals to contact other individuals for the purpose of

1 arranging romantic or social dates.

2 Sec. 151.00375. "FUNERAL SERVICES". "Funeral services"  
3 means acts or activities that constitute "funeral directing," as  
4 that term is defined by Section 651.001, Occupations Code, and  
5 services provided by a funeral director, embalmer, or funeral  
6 establishment, as those terms are defined by that section, or by an  
7 employee of one of those persons.

8 Sec. 151.00378. "HUNTING OR FISHING GUIDE SERVICES".  
9 "Hunting or fishing guide services" means guiding a person who is  
10 hunting or fishing.

11 SECTION 2.04. The heading to Section 151.0038, Tax Code, is  
12 amended to read as follows:

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

14 SECTION 2.05. Section 151.0038(b), Tax Code, is amended to  
15 read as follows:

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



1           (1) a publication containing articles and essays of  
2 general interest by various writers and advertisements that is  
3 produced for the operator of a licensed and certified carrier of  
4 persons and distributed by the operator to its customers during  
5 their travel on the carrier; and

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

11           SECTION 2.06. Subchapter A, Chapter 151, Tax Code, is  
12 amended by adding Sections 151.00391, 151.00425, 151.0044, and  
13 151.00442 to read as follows:

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

22           Sec. 151.00425. "MASSAGE THERAPY SERVICES". "Massage  
23 therapy services" means acts or activities that constitute "massage  
24 therapy," as that term is defined by Section 455.001, Occupations  
25 Code, and any other acts or activities performed for a massage  
26 therapist's client in relation to massage therapy.

27           Sec. 151.0044. "PACKING SERVICES". "Packing services"

1 means packing, crating, or wrapping. The term includes gift and  
2 package wrapping.

3 Sec. 151.00442. "PERSONAL INSTRUCTION SERVICES". "Personal  
4 instruction services" means coaching or instruction in an  
5 individual skill, including dance, golf, or tennis.

6 SECTION 2.07. Section 151.0045, Tax Code, is amended to  
7 read as follows:

8 Sec. 151.0045. "PERSONAL SERVICES". "Personal services"  
9 means those personal services listed as personal services under  
10 Group 721, Major Group 72 of the Standard Industrial Classification  
11 Manual, 1972, and includes massage parlors, escort services, and  
12 Turkish baths under Group 729 of said manual but does not include  
13 any other services listed under Group 729 unless otherwise covered  
14 under this chapter, prepared by the statistical policy division of  
15 the office on management and budget, office of the president of the  
16 United States. [~~The term does not include services provided~~  
17 ~~through coin-operated machines that are operated by the consumer.~~]

18 SECTION 2.08. Section 151.0047, Tax Code, is amended to  
19 read as follows:

20 Sec. 151.0047. "REAL PROPERTY CONSTRUCTION SERVICES"  
21 [~~REPAIR AND REMODELING~~]. [~~(a)~~] "Real property construction  
22 services [~~repair and remodeling~~]" means the construction, repair,  
23 restoration, remodeling, or modification of an improvement to real  
24 property [~~other than:~~

25 [~~(1) a structure or separate part of a structure used~~  
26 ~~as a residence,~~

27 [~~(2) an improvement immediately adjacent to a~~

1 ~~structure described by Subdivision (1) of this section and used in~~  
2 ~~the residential occupancy of the structure or separate part of the~~  
3 ~~structure by the person using the structure or part as a residence,~~  
4 ~~or~~

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

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

9 ~~[(1) "Increased capacity" means the capability to~~  
10 ~~produce:~~

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

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

14 ~~[(2) "Production unit" means a group of manufacturing~~  
15 ~~and processing machines and ancillary equipment that together are~~  
16 ~~necessary to create or produce a physical or chemical change~~  
17 ~~beginning with the first processing of the raw material and ending~~  
18 ~~with the finished product.~~

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

20 ~~[(A) has different product properties and a~~  
21 ~~different commercial application than the product previously~~  
22 ~~manufactured or processed by the production unit that produced the~~  
23 ~~previous product; and~~

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

27 SECTION 2.09. Section [151.006\(a\)](#), Tax Code, is amended to

1 read as follows:

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

3 (1) tangible personal property or a taxable service to  
4 a purchaser who acquires the property or service for the purpose of  
5 reselling it as a taxable item as defined by Section 151.010 in the  
6 United States of America or a possession or territory of the United  
7 States of America or in the United Mexican States in the normal  
8 course of business in the form or condition in which it is acquired  
9 or as an attachment to or integral part of other tangible personal  
10 property or taxable service;

11 (2) tangible personal property to a purchaser for the  
12 sole purpose of the purchaser's leasing or renting it in the United  
13 States of America or a possession or territory of the United States  
14 of America or in the United Mexican States in the normal course of  
15 business to another person, but not if incidental to the leasing or  
16 renting of real estate;

17 (3) tangible personal property to a purchaser who  
18 acquires the property for the purpose of transferring it in the  
19 United States of America or a possession or territory of the United  
20 States of America or in the United Mexican States as an integral  
21 part of a taxable service;

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

25 (5) tangible personal property or a taxable service to  
26 a purchaser who acquires the property or service for the purpose of  
27 transferring it as an integral part of performing a contract, or a

1 subcontract of a contract, for the sale, other than the lease or  
2 rental, of tangible personal property with an entity or  
3 organization exempted from the taxes imposed by this chapter under  
4 Section 151.309 or 151.310 only if the purchaser:

5 (A) allocates and bills to the contract the cost  
6 of the property or service as a direct or indirect cost; and

7 (B) transfers title to the property to the exempt  
8 entity or organization under the contract and any applicable  
9 acquisition regulations.

10 SECTION 2.10. Section 151.0101(a), Tax Code, is amended to  
11 read as follows:

12 (a) "Taxable services" means:

13 (1) amusement services;

14 (2) cable television services;

15 (3) personal services;

16 (4) motor vehicle parking and storage services;

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

19 (A) aircraft;

20 (B) a ship, boat, or other vessel, other than:

21 (i) a taxable boat or motor as defined by  
22 Section 160.001;

23 (ii) a sports fishing boat; or

24 (iii) any other vessel used for pleasure;

25 and

26 (C) ~~[the repair, maintenance, and restoration of~~  
27 ~~a motor vehicle, and~~

1           [~~(D)~~] the repair, maintenance, creation, and  
2 restoration of a computer program, including its development and  
3 modification, not sold by the person performing the repair,  
4 maintenance, creation, or restoration service;

5           (6) telecommunications services;

6           (7) credit reporting services;

7           (8) debt collection services;

8           (9) insurance services;

9           (10) information services;

10          (11) real property services;

11          (12) data processing services;

12          (13) real property construction services, except to  
13 the extent prohibited by Section 29, Article VIII, Texas  
14 Constitution [~~repair and remodeling~~];

15          (14) security services;

16          (15) telephone answering services;

17          (16) Internet access service; [~~and~~]

18          (17) a sale by a transmission and distribution  
19 utility, as defined in Section 31.002, Utilities Code, of  
20 transmission or delivery of service directly to an electricity  
21 end-use customer whose consumption of electricity is subject to  
22 taxation under this chapter;

23          (18) advertising services;

24          (19) automotive services;

25          (20) barbering or cosmetology services;

26          (21) dating services;

27          (22) funeral services;

- 1           (23) hunting or fishing guide services;
- 2           (24) interior design or interior decorating services;
- 3           (25) massage therapy services;
- 4           (26) packing services;
- 5           (27) personal instruction services;
- 6           (28) transport services; and
- 7           (29) veterinary services.

8           SECTION 2.11. Subchapter [A](#), Chapter [151](#), Tax Code, is  
9 amended by adding Sections 151.0108 and 151.013 to read as follows:

10           Sec. 151.0108. "TRANSPORT SERVICES". "Transport services"  
11 means private mail or package delivery or courier service sold to a  
12 person in this state.

13           Sec. 151.013. "VETERINARY SERVICES". "Veterinary  
14 services" means an act or activity constituting the "practice of  
15 veterinary medicine," as that term is defined by Section [801.002](#),  
16 Occupations Code, and any other act or activity provided to a  
17 veterinarian's client in relation to the practice of veterinary  
18 medicine. The term also includes:

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

22           (2) medical tests performed on an animal or on tissue,  
23 fluids, or other substances removed from an animal in connection  
24 with diagnosis or treatment.

25           SECTION 2.12. Section [151.1551\(a\)](#), Tax Code, is amended to  
26 read as follows:

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

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

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

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

7           (4) Sections 151.317(a)(4) and (10) [~~151.317(a)(5)~~  
8 ~~and (11)~~] for electricity used in agriculture or timber operations;  
9 and

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

13           SECTION 2.13. Section 151.313(a), Tax Code, is amended to  
14 read as follows:

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

17           (1) a drug or medicine, other than insulin, if  
18 prescribed or dispensed for a human or animal by a licensed  
19 practitioner of the healing arts;

20           (2) insulin;

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

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

27           (4) [~~(5)~~] a brace; hearing aid or audio loop;



1 orthopedic, dental, or prosthetic device; ileostomy, colostomy, or  
2 ileal bladder appliance; or supplies or replacement parts for the  
3 listed items;

4 (5) [~~(6)~~] a therapeutic appliance, device, and any  
5 related supplies specifically designed for those products, if  
6 dispensed or prescribed by a licensed practitioner of the healing  
7 arts, when those items are purchased and used by an individual for  
8 whom the items listed in this subdivision were dispensed or  
9 prescribed;

10 (6) [~~(7)~~] corrective lens and necessary and related  
11 supplies, if dispensed or prescribed by an ophthalmologist or  
12 optometrist;

13 (7) [~~(8)~~] specialized printing or signalling  
14 equipment used by the deaf for the purpose of enabling the deaf to  
15 communicate through the use of an ordinary telephone and all  
16 materials, paper, and printing ribbons used in that equipment;

17 (8) [~~(9)~~] a braille wristwatch, braille writer,  
18 braille paper and braille electronic equipment that connects to  
19 computer equipment, and the necessary adaptive devices and adaptive  
20 computer software;

21 (9) [~~(10)~~] each of the following items if purchased  
22 for use by the blind to enable them to function more independently:  
23 a slate and stylus, print enlarger, light probe, magnifier, white  
24 cane, talking clock, large print terminal, talking terminal, or  
25 harness for guide dog;

26 (10) [~~(11)~~] hospital beds;

27 (11) [~~(12)~~] blood glucose monitoring test strips;

1           (12) [~~(13)~~] an adjustable eating utensil used to  
2 facilitate independent eating if purchased for use by a person,  
3 including a person who is elderly or physically disabled, has had a  
4 stroke, or is a burn victim, who does not have full use or control of  
5 the person's hands or arms;

6           (13) [~~(14)~~] subject to Subsection (d), a dietary  
7 supplement; and

8           (14) [~~(15)~~] intravenous systems, supplies, and  
9 replacement parts designed or intended to be used in the diagnosis  
10 or treatment of humans.

11           SECTION 2.14. Sections [151.314](#)(b), (c), (c-2), (c-3), and  
12 (d), Tax Code, are amended to read as follows:

13           (b) "Food products" shall include, except as otherwise  
14 provided herein, but shall not be limited to cereals and cereal  
15 products; milk and milk products[~~, including ice cream~~];  
16 oleomargarine; meat and meat products; poultry and poultry  
17 products; fish and fish products; eggs and egg products; vegetables  
18 and vegetable products; fruit and fruit products; spices,  
19 condiments, and salt; sugar and sugar products; coffee and coffee  
20 substitutes; tea; cocoa products; [~~snack items~~] or any combination  
21 of the above.

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

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

25           (2) carbonated and noncarbonated packaged soft  
26 drinks, which are nonalcoholic beverages that contain natural or  
27 artificial sweeteners;

- 1           (3) ice; [~~or~~]
- 2           (4) candy;
- 3           (5) bakery items; or
- 4           (6) snack items.

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

7           (1) [~~except as provided by Subsection (c-3)(1),~~] food,  
8 food products, and drinks, including meals, milk and milk products,  
9 fruit and fruit products, sandwiches, salads, processed meats and  
10 seafoods, and vegetable juice[, ~~and ice cream in cones or small~~  
11 ~~cups,~~] served, prepared, or sold ready for immediate consumption by  
12 restaurants, lunch counters, cafeterias, delis, vending machines,  
13 hotels, or like places of business or sold ready for immediate  
14 consumption from pushcarts, motor vehicles, or any other form of  
15 vehicle;

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

18           (3) two or more food ingredients mixed or combined by  
19 the seller for sale as a single item, including items that are sold  
20 in an unheated state by weight or volume as a single item, but not  
21 including food that is only cut, repackaged, or pasteurized by the  
22 seller.

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

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

26                           [~~(A) heated by the consumer or seller, or~~

27                           [~~(B) served with plates or other eating utensils,~~

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

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

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

12           (1) served by a public or private school, school  
13 district, student organization, booster club or other school  
14 support organization, or parent-teacher association under an  
15 agreement with the proper school authorities in an elementary or  
16 secondary school during the regular school day or by a  
17 parent-teacher association during a fund-raising sale the proceeds  
18 of which do not benefit an individual;

19           (2) sold by a church or at a function of a church;

20           (3) served to a patient or inmate of a hospital or  
21 other institution licensed by the state for the care of humans;

22           (4) served to a permanent resident of a retirement  
23 facility which provides permanent housing and residence to  
24 individuals, a majority of whom are 60 years or older; or

25           (5) sold during an event sponsored or sanctioned by an  
26 elementary or secondary school or school district at a concession  
27 stand operated by a booster club or other school support

1 organization formed to support the school or school district, but  
2 only if the proceeds from the sales benefit the school or school  
3 district.

4 SECTION 2.15. Section 151.314(e), Tax Code, as amended by  
5 Chapters 209 (H.B. 2424) and 1310 (H.B. 2425), Acts of the 78th  
6 Legislature, 2003, is reenacted and amended to read as follows:

7 (e) Food products, candy, snack items, bakery items, and  
8 soft drinks are exempted from the taxes imposed by this chapter if  
9 sold at an exempt sale qualifying under this subsection or if stored  
10 or used by the purchaser of the item at the exempt sale. A sale is  
11 exempted under this subsection if[+]

12 [~~(1)~~] the sale is made by a member of or volunteer for  
13 a nonprofit organization devoted to the exclusive purpose of  
14 education or religious or physical training or by a group  
15 associated with a public or private elementary or secondary school  
16 and:

17 (1) [+]

18 [~~(2)~~] the sale is made as a part of a fund-raising  
19 drive sponsored by the organization or group; and

20 (2) [~~(3)~~] all net proceeds from the sale go to the  
21 organization or group for its exclusive use.

22 SECTION 2.16. Sections 151.317(a) and (d), Tax Code, are  
23 amended to read as follows:

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

27 (1) [~~residential use,~~

1           ~~(2)~~ use in powering equipment exempt under Section  
2 151.318 or 151.3185 by a person processing tangible personal  
3 property for sale as tangible personal property, other than  
4 preparation or storage of prepared food described by Section  
5 151.314(c-2);

6           (2) ~~(3)~~ use in lighting, cooling, and heating in the  
7 manufacturing area during the actual manufacturing or processing of  
8 tangible personal property for sale as tangible personal property,  
9 other than preparation or storage of prepared food described by  
10 Section 151.314(c-2);

11           (3) ~~(4)~~ use directly in exploring for, producing, or  
12 transporting, a material extracted from the earth;

13           (4) ~~(5)~~ use in agriculture, including dairy or  
14 poultry operations and pumping for farm or ranch irrigation;

15           (5) ~~(6)~~ use directly in electrical processes, such  
16 as electroplating, electrolysis, and cathodic protection;

17           (6) ~~(7)~~ use directly in the off-wing processing,  
18 overhaul, or repair of a jet turbine engine or its parts for a  
19 certificated or licensed carrier of persons or property;

20           (7) ~~(8)~~ use directly in providing, under contracts  
21 with or on behalf of the United States government or foreign  
22 governments, defense or national security-related electronics,  
23 classified intelligence data processing and handling systems, or  
24 defense-related platform modifications or upgrades;

25           (8) ~~(9)~~ use directly by a data center or large data  
26 center project that is certified by the comptroller as a qualifying  
27 data center under Section 151.359 or a qualifying large data center

1 project under Section 151.3595 in the processing, storage, and  
2 distribution of data;

3 (9) [~~(10)~~] a direct or indirect use, consumption, or  
4 loss of electricity by an electric utility engaged in the purchase  
5 of electricity for resale; or

6 (10) [~~(11)~~] use in timber operations, including  
7 pumping for irrigation of timberland.

8 (d) To qualify for the exemptions in Subsections (a)(1)-(8)  
9 [~~(a)(2)-(9)~~], the gas or electricity must be sold to the person  
10 using the gas or electricity in the exempt manner. For purposes of  
11 this subsection, the use of gas or electricity in an exempt manner  
12 by an independent contractor engaged by the purchaser of the gas or  
13 electricity to perform one or more of the exempt activities  
14 identified in Subsections (a)(1)-(8) [~~(a)(2)-(9)~~] is considered  
15 use by the purchaser of the gas or electricity.

16 SECTION 2.17. Section 151.350(d), Tax Code, is amended to  
17 read as follows:

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

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

22 (2) repair, restore, or remodel, to the extent the  
23 service is:

24 (A) considered to be the [~~a real property~~]  
25 repair, restoration, [or] remodeling, or modification of an  
26 improvement to real property under [~~service as defined in~~] Section  
27 151.0047; or

1 (B) defined as a taxable service in Section  
2 151.0101(a)(5).

3 SECTION 2.18. Section 151.401(a), Tax Code, is amended to  
4 read as follows:

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

11 SECTION 2.19. Section 151.425, Tax Code, is amended to read  
12 as follows:

13 Sec. 151.425. FORFEITURE OF [~~DISCOUNT OR~~] REIMBURSEMENT.  
14 If a taxpayer fails to file a report required by this chapter when  
15 due or to pay the tax when due, the taxpayer forfeits any claim to a  
16 deduction [~~or discount~~] allowed under Section 151.423 [~~or Section~~  
17 ~~151.424 of this code~~].

18 SECTION 2.20. Section 151.428(c), Tax Code, is amended to  
19 read as follows:

20 (c) The reporting, collection, refund, and penalty  
21 provisions of this chapter and Subtitle B of this title apply to the  
22 payments required by this section, except that Section [~~Sections~~  
23 151.423 does [~~and 151.424 of this code do~~] not apply to this  
24 section.

25 SECTION 2.21. Section 152.047(a), Tax Code, is amended to  
26 read as follows:

27 (a) Except as inconsistent with this chapter and rules



1 adopted under this chapter, the seller of a motor vehicle shall  
2 report and pay the tax imposed on a seller-financed sale to the  
3 comptroller on the seller's receipts from seller-financed sales in  
4 the same manner as the sales tax is reported and paid by a retailer  
5 under Sections [151.401](#), [151.402](#), [151.405](#), [151.406](#), [151.409](#),  
6 [151.423](#), [~~[151.424](#)~~] and [151.425](#).

7 SECTION 2.22. Subtitle E, Title 2, Tax Code, is amended by  
8 adding Chapter 165 to read as follows:

9 CHAPTER 165. TAX ON E-CIGARETTE VAPOR PRODUCTS

10 Sec. 165.0001. DEFINITIONS. In this chapter:

11 (1) "E-cigarette" has the meaning assigned by Section  
12 [161.081](#), Health and Safety Code.

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

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

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

20 (c) The tax imposed under this section is in addition to the  
21 tax imposed under Subchapter C, Chapter [151](#). The tax imposed under  
22 this section does not apply to a sale unless the tax imposed under  
23 Subchapter C, Chapter [151](#), applies to the sale.

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

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

4       (c) The tax imposed under this section is in addition to the  
5 tax imposed under Subchapter D, Chapter 151. The tax imposed under  
6 this section does not apply to the storage, use, or other  
7 consumption of a vapor product unless the tax imposed under  
8 Subchapter D, Chapter 151, applies to the storage, use, or other  
9 consumption.

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

11       (a) Except as provided by this chapter:

12               (1) the taxes imposed under this chapter are  
13 administered, imposed, collected, and enforced in the same manner  
14 as the taxes under Chapter 151 are administered, imposed,  
15 collected, and enforced; and

16               (2) the provisions of Chapter 151 applicable to the  
17 sales tax imposed under Subchapter C, Chapter 151, and the use tax  
18 imposed under Subchapter D, Chapter 151, apply to the sales and use  
19 taxes imposed under this chapter.

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

23       Sec. 165.0005. REPORTS. (a) A person required to file a  
24 report under Section 151.403 who is also required to collect or pay  
25 a tax under this chapter shall file with the comptroller a report  
26 stating:

27               (1) for sales tax purposes, the volume of vapor

1 products sold by the seller during the reporting period;

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

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

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

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

12 (b) The report required by this section for a reporting  
13 period is due on the same date that the tax payment for the period is  
14 due.

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

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

20 (2) the volume of vapor products, including the  
21 constituent parts of vapor products, purchased from every source  
22 during each reporting period;

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

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

26 Sec. 165.0007. DISPOSITION OF PROCEEDS. The comptroller  
27 shall deposit the proceeds from taxes imposed under this chapter to

1 the credit of the general revenue fund.

2 SECTION 2.23. Section 171.1012, Tax Code, is amended by  
3 adding Subsection (u) to read as follows:

4 (u) Notwithstanding any other provision of this section, a  
5 taxable entity that employs a professional athlete and that elects  
6 to subtract costs of goods sold may not include the cost to employ  
7 the professional athlete as labor costs when calculating the  
8 entity's costs of goods sold to the extent the amount paid to the  
9 athlete exceeds the limit on wage and cash compensation under  
10 Section 171.1013(c) as applied to the athlete. In this subsection,  
11 "professional athlete" has the meaning assigned by Section 406.095,  
12 Labor Code.

13 SECTION 2.24. Section 183.043(b), Tax Code, is amended to  
14 read as follows:

15 (b) Sections 151.027(a) and [~~7~~] 151.423 [~~7~~, and ~~151.424~~] do  
16 not apply to the tax imposed by this subchapter.

17 SECTION 2.25. Section 313.021(2), Tax Code, is amended to  
18 read as follows:

19 (2) "Qualified property" means:

20 (A) land:

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

24 (ii) on which a person proposes to  
25 construct a new building or erect or affix a new improvement that  
26 does not exist before the date the person submits a complete  
27 application for a limitation on appraised value under this

1 subchapter;

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

4 (iv) on which, in connection with the new  
5 building or new improvement described by Subparagraph (ii), the  
6 owner or lessee of, or the holder of another possessory interest in,  
7 the land proposes to:

8 (a) make a qualified investment in an  
9 amount equal to at least the minimum amount required by Section  
10 313.023; and

11 (b) create at least 25 new qualifying  
12 jobs;

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

15 (C) tangible personal property:

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

18 (ii) ~~[for which a sales and use tax refund~~  
19 ~~is not claimed under Section 151.3186, and~~

20 ~~[(iii)]~~ except for new equipment described  
21 in Section 151.318(q) or (q-1), that is first placed in service in  
22 the new building, in the newly expanded building, or in or on the  
23 new improvement described by Paragraph (A)(ii), or on the land on  
24 which that new building or new improvement is located, if the  
25 personal property is ancillary and necessary to the business  
26 conducted in that new building or in or on that new improvement.

27 SECTION 2.26. Section 321.203(n), Tax Code, is amended to

1 read as follows:

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

6 SECTION 2.27. Section 323.203(m), Tax Code, is amended to  
7 read as follows:

8 (m) A sale of a service described by Section 151.0047 to  
9 construct, repair, restore, remodel, [~~repair,~~] or modify an  
10 improvement to [~~restore—nonresidential]~~ real property is  
11 consummated at the location of the job site.

12 SECTION 2.28. Subchapter F, Chapter 502, Transportation  
13 Code, is amended by adding Sections 502.257 and 502.258 to read as  
14 follows:

15 Sec. 502.257. FEE; ELECTRIC MOTOR VEHICLE. Notwithstanding  
16 any other provision of this subchapter, the fee for a registration  
17 year for registration of a motor vehicle that uses electricity as  
18 its only source of motor power is the greater of:

19 (1) \$225; or

20 (2) the applicable fee under Section 502.253.

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

25 (b) Notwithstanding any other provision of this subchapter,  
26 the fee for a registration year for registration of a hybrid motor  
27 vehicle is the greater of:



S.B. No. 1711

1 amount equal to 150 percent of the median appraised value of all  
2 single-family residences in the state is approved by the voters. If  
3 that constitutional amendment is not approved by the voters, this  
4 Act has no effect.