

SUBJECT: Tax Code administration revisions

COMMITTEE: Ways and Means — committee substitute recommended

VOTE: 7 ayes — Craddick, Wolens, Finnell, Heflin, Holzheuser, Romo

0 nays

4 absent — Horn, T. Hunter, Oliveira, Place

SENATE VOTE: On final passage — April 6 — voice vote

WITNESSES: *(On House companion bill, HB 1443 by Holzheuser):*

For — None

Against — None

On — Joe Galvan, Comptroller's Office

DIGEST: CSSB 640 would amend numerous Tax Code provisions related to various state taxes. The bill would take effect October 1, 1995.

Changes involving sales and use tax exemptions would include:

- adding to the definition of "real property repair and remodeling" improvements to a manufacturing or processing production unit in a petrochemical refinery or chemical plant that provides increased capacity, and exempting labor used for this construction from sales and use taxes;
- exempting from sales and use tax machinery and equipment that was purchased, not rented or leased, for more than \$50,000 and used exclusively in a commercial timber operation. (Machinery could not include machine parts but would refer to a complete machinery unit.);
- exempting pollution control equipment required in processing, packing or marketing of agricultural products by an original producer under certain conditions from the sales and use tax;

- exempting from the sales and use tax gas and electricity used in the off-wing processing, overhaul or repair of a jet turbine engine or its parts for a certificated or licensed carrier of persons or property; and
- exempting semiconductor fabrication cleanrooms and equipment from the sales and use tax. (The bill states that it is the Legislature's intent for this section to clarify existing law and not make a substantive change.)

**SUPPORTERS
SAY:**

CSSB 640 would amend numerous sections of the Tax Code to clarify laws to assist the state comptroller in imposing, collecting and enforcing various tax laws. The changes would have no significant fiscal impact to the state, and in most cases would merely codify existing policies, procedures and interpretations by the Comptroller's Office.

**OPPONENTS
SAY:**

No apparent opposition

NOTES:

The committee substitute added to the Senate-passed version provisions adding petrochemical refinery and chemical plants to the definition of real property and repair and remodeling and exempting certain machinery involved in timber production from the sales tax. The substitute specified that dormitories that are owned or leased and operated by an institution of higher education are exempt from sales tax.