

BILL ANALYSIS

Senate Research Center

S.B. 767
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As Filed

DIGEST

Currently, Texas law imposes a higher tax on landowners growing timber than on those growing other agriculture commodities. Farmers and ranchers receive a 100 percent exemption from sales tax for equipment and machinery used in farming and ranching. Timber operators receive no exemptions for items used in timber management operations. There is some concern that the private nonindustrial landowners in East Texas are not planting enough trees on their lands to meet the future demands of a growing population. The costs of reforestation and forest management often lead the private landowner to convert land from timber to other land use decisions which offer 100 percent tax exemption. S.B. 767 would allow for a full sales tax exemption for fertilizers, fungicides, herbicides, defoliant, and desiccants used in timber operations.

PURPOSE

As proposed, S.B. 767 outlines provisions regarding the application of the sales and use tax to certain materials used in commercial timber operations.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 151.3161, Tax Code, by amending Subsection (c) and adding Subsection (d), to provide that a fertilizer, fungicide, insecticide, herbicide, defoliant, or desiccant used exclusively in a commercial timber operation to produce timber products to be sold in the regular course of business of the commercial timber operation is exempted from the tax imposed by this chapter. Makes a conforming change.

SECTION 2. (a) Effective date: the first day of the first calendar quarter beginning on or after 90 days after adjournment.

(b) Makes application of this Act prospective.

SECTION 3. Emergency clause.