

## **BILL ANALYSIS**

Senate Research Center  
76R10587 CBH-D

H.B. 2406  
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Finance  
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Engrossed

### **DIGEST**

Currently, export items are exempt from the sales and use tax. Many brokers are executing export documentation forms and delivering them to the customers prior to export. The form is not supposed to be executed until after visual verification of export. Customers can take these invalid certificates to the store and redeem their tax even though they have never left the county. Stores are allowed to refund the tax if the customer has a valid certificate. H.B. 2406 would prohibit a refund of sales and use taxes paid on items exported beyond the limits of the United States before a certain time period.

### **PURPOSE**

As proposed, H.B. 2406 prohibits a refund of sales and use taxes paid on items exported beyond the limits of the United States before a certain time period.

### **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 151.307, Tax Code, by amending Subsection (d) and adding Subsections (e) and (f), to prohibit a retailer who receives documentation under Subsection (b)(2) relating to the purchase of tangible personal property exported beyond the limits of the United States from refunding the tax paid under this chapter on that purchase before a certain date. Provides that a retailer who makes a refund before the time prescribed by Subsection (d) or makes a refund that is undocumented or improperly documented is liable for the amount of the tax refunded with interest. Makes a conforming change.

SECTION 2. Effective date: September 1, 1999. Makes application of this Act prospective to exemptions to the sales and use tax imposed under Chapter 151, Tax Code, claimed on or after January 1, 2000.

SECTION 3. Emergency clause.