

BILL ANALYSIS

Senate Research Center
78R3363 CBH-D

S.B. 1358
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Finance
4/13/2003
As Filed

DIGEST AND PURPOSE

The United States Constitution prevents a state government from taxing goods exported to foreign countries. As a result, Texas and other states must grant sales tax exemptions or rebates on goods sold in the United States and shipped or taken to foreign countries. Over time, fraud and abuse have developed in the system as a result of the option to have a customs broker document a purchase. As proposed, S.B. 1358 removes the option for foreign buyers to receive a sales tax refund by having a customs broker document the purchase.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 151.307(b), Tax Code, to remove the documentation provisions set forth in Subdivision (2) of existing text. Renumbers subsequent subdivisions accordingly.

SECTION 2. Amends Section 322.107, Tax Code, to delete text in Subdivision (3) relating to a sales tax exemption for goods delivered by a retailer to a customs broker for shipment outside a taxing entity.

SECTION 3. Repealer:

- (1) Section 151.157 (Customs Brokers), Tax Code;
- (2) Section 151.158 (Export Stamps), Tax Code;
- (3) Section 151.159 (Refunds; Identification Cards), Tax Code;
- (4) Sections 151.307 (c), (d), and (e) (Exemptions Required by Prevailing Law), Tax Code;
- (5) Section 151.712 (Civil Penalty for Persons Certifying Exports), Tax Code; and
- (6) Section 151.713 (Furnishing False Information to Customs Broker; Civil), Tax Code.

SECTION 4. (a) Effective date: October 1, 2003.
(b) Makes application of this Act prospective.