

## **BILL ANALYSIS**

Senate Research Center  
80R18073 CBH-D

C.S.H.B. 142  
By: Jackson, Jim (Carona)  
Finance  
5/17/2007  
Committee Report (Substituted)

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Cities, counties, transit authorities, and special purpose districts are authorized to impose local sales and use taxes, which businesses selling goods and services are responsible for collecting and remitting to the taxing authorities. It is considered a general rule that sales and use taxes are assessed and collected based on taxes imposed by taxing districts at origin of the sale. An exception to this rule involves taxes imposed by transit authorities when the goods sold are transported out of the transit authority's district.

When a purchased product is shipped to a location outside a transit authority's jurisdiction, transit taxes are collected for the transit authority where the goods are to be delivered, or the point of destination, rather than for the authority at the origin of the sale. As a result of this exception, businesses may contend with complicated and inconsistent sales and use tax requirements when shipping items to purchasers outside of a transit district. Compliance with this exception, which require businesses to dedicate significant resources and technology to compute and remit sales taxes, may be overly burdensome for small businesses.

C.S.H.B. 142 repeals current statute relating to the imposition of local sales and use taxes on certain taxable items shipped outside of a transit authority.

### **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. Repealer: Section 322.105(d) (regarding taxation on purchaser of item from another taxing entity) and Section 322.107 (Exemption: Sales Tax On Items Leaving Entity), Tax Code.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: September 1, 2007.