

## **BILL ANALYSIS**

Senate Research Center  
83R10432 ADM-D

S.B. 862  
By: Taylor  
Finance  
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As Filed

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

The retail marine industry provides significant economic benefit to regions along the Texas coast. Recently, several states, including Delaware, Florida, Georgia, North Carolina, Rhode Island, and South Carolina, have made changes to their state tax structure to create a boater-friendly environment. These tax law changes have placed Texas at a competitive disadvantage, harming Texas sales tax revenue and jeopardizing Texas marine industry jobs and the jobs of ancillary businesses. This bill makes tax law changes to allow Texas to remain competitive with other states and retain Texas jobs.

S.B. 862 amends Chapter 160 (Taxes on Sales and Use of Boats and Boat Motors), Tax Code, by adding sections that establish a safe harbor rule for out-of-state vessels to allow non-Texas registered vessels to remain in the state for a period of time to make needed repairs. This bill also places a cap on the sales and use tax levied on recreational boats in Texas by capping the tax imposed at \$15,625.

As proposed, S.B. 862 amends current law relating to the imposition of and a limitation on the sales tax imposed on certain vessels.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the comptroller of public accounts of the State of Texas in SECTION 3 (Section 160.0246, Tax Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 31.006(a), Parks and Wildlife Code, to authorize the Texas Parks and Wildlife Department (TPWD) to authorize a dealer who holds a dealer's or manufacturer's number to act as the agent of TPWD under Subchapter B (Identification of Vessels; Required Numbering) of this chapter and under Chapter 160 (Taxes on Sales and Use of Boats and Boat Motors), Tax Code, for the issuance of certificates of number and the collection of fees and taxes for vessels, rather than for boats, sold by that dealer.

SECTION 2. Amends Section 160.001(2), Tax Code, to redefine "boat."

SECTION 3. Amends Subchapter B, Chapter 160, Tax Code, by adding Sections 160.0246 and 160.026, as follows:

Sec. 160.0246. EXEMPTION FOR REPAIRS AND MODIFICATIONS. (a) Provides that the taxes imposed by this chapter do not apply to the sale of a taxable boat or motor if:

(1) the boat or motor is sold in this state for use in another state or nation and is removed from this state not more than 10 days after the date of purchase; or

(2) the boat or motor:

(A) is sold in this state for use in another state or nation;

(B) not later than the 10th day after the date the boat or motor is purchased, is docked at or placed in a boat repair facility registered with the comptroller for repairs or modifications;

(C) is not used by a person while it is being repaired or modified, except as necessary to test the repairs or modifications; and

(D) is removed from this state not more than 20 days after the date the repairs or modifications are finished.

(b) Requires the comptroller of public accounts of the State of Texas to adopt rules and procedures to implement this section.

Sec. 160.026. LIMITATION ON AMOUNT OF TAX. Prohibits, notwithstanding any other law, the tax imposed under Section 160.021 (Retail Sales Tax) on the sale of a taxable boat or motor from exceeding \$15,625.

SECTION 4. Makes application of this Act prospective.

SECTION 5. Effective date: September 1, 2013.