

BILL ANALYSIS

Senate Research Center
84R12175 GRM-D

H.B. 2844
By: Raney (Schwertner)
Finance
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Interested parties note that when vendors lease tangible property to full service event companies, such as a catering company, the full service event company pays a sales tax on that tangible property. When using said property for an event, the full service event company then charges customers sales tax for the same tangible property on which the previous tax was paid. This constitutes double taxation—requiring customers to pay sales tax on the same tangible property twice.

H.B. 2844 seeks to remedy this situation by exempting sales or rental of tangible personal property made to "full service event businesses" from sales taxation.

H.B. 2844 amends current law relating to the application of the sales and use tax to the lease or rental to a full service event business of certain tangible personal property.

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 151.006, Tax Code, by adding Subsection (e), as follows:

- (e) Provides that a sale for resale includes the lease or rental of reusable tangible personal property to a full service event business if the full service event business uses the property in a sale of a taxable item. Defines, in this subsection, "full service event business."

SECTION 2. Provides that the changes in law made by this Act do not affect tax liability accruing before the effective date of this Act. Provides that that liability continues in effect as if this Act had not been enacted, and the former law is continued in effect for the collection of taxes due and for civil and criminal enforcement of the liability for those taxes.

SECTION 3. Effective date: upon passage or September 1, 2015.