

BILL ANALYSIS

Senate Research Center
84R11214 GRM-D

S.B. 1850
By: Nichols
Finance
4/7/2015
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The amount of state sales tax from rental of road construction equipment used in improvement of realty of exempt entities (i.e., rental of road construction machinery and equipment that is excluded from the exemption otherwise provided for tangible personal property used in the performance of a contract for the improvement of realty of certain exempt organizations by Section 151.311 (Taxable Items Incorporated Into or Used for Improvement of Realty of an Exempt Entity) of the Tax Code) is estimated to have been \$16.6 million in fiscal year (FY) 2014.

Additionally, the amount of state sales tax revenue due to purchases of such road construction equipment and accessories and repair or replacement parts is estimated to have been \$20.5 million in FY 2014.

S.B. 1850 exempts the rental of equipment for use in the performance of a contract for the construction or improvement of a road or highway from Section 151.311, Tax Code.

As proposed, S.B. 1850 amends current law relating to a sales tax exemption for the rental of equipment used in the construction or improvement of a road or highway for a governmental entity.

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 151.311, Tax Code, by adding Subsection (e) to provide that the rental of equipment for use in the performance of a contract for the construction or improvement of a road or highway, including a turnpike or toll road, by an organization exempted under Section 151.309 (Government Entities) is exempted from the taxes imposed by this chapter.

SECTION 2. Makes application of this Act prospective.

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