

BILL ANALYSIS

Senate Research Center
85R13782 CJC-F

H.B. 4038
By: Bohac (Hancock)
Finance
5/11/2017
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

According to interested parties, there is some inequity in the application of the temporary sales and use tax exemption for property used in certain data centers given that third-party employees of some data centers are treated differently than others. H.B. 4038 seeks to treat all such employees as the same for purposes of the exemption.

H.B. 4038 amends the Tax Code to specify that the definition of "qualifying job," as it relates to the temporary sales and use tax exemption for property used in certain data centers, includes a new employment position staffed by a third-party employer if a written contract exists between the third-party employer and a qualifying owner, qualifying operator, or qualifying occupant that provides that the employment position is permanently assigned to an associated qualifying data center.

H.B. 4038 amends current law relating to the definition of "qualifying job" for purposes of certification by the comptroller of public accounts as a qualifying data center.

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 151.359(a)(5), Tax Code, to redefine "qualifying job" to include a new employment position staffed by a third-party employer if a written contract exists between the third-party employer and a qualifying owner, qualifying operator, or a qualifying occupant that provides that the employment position is permanently assigned to an associated qualifying data center.

SECTION 2. Provides that the change in law made by this Act applies to a data center certified as a qualifying data center by the Texas comptroller of public accounts, regardless of whether the certification occurred before, on, or after the effective date of this Act.

SECTION 3. Effective date: upon passage or September 1, 2017.