

BILL ANALYSIS

C.S.S.B. 559
By: Hancock
Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties contend that the deregulation of the electric market and the inclusion of retail electric providers among the utility companies subject to the miscellaneous gross receipts tax (MGRT) has led to confusion about the types of gas, electric, and water utility companies on which the MGRT is imposed under the newly deregulated status of the industry. C.S.S.B. 559 seeks to provide clarity on this issue and level the playing field for retail electric providers and other utility companies by providing for the imposition of the MGRT on each utility company making sales to ultimate consumers in certain incorporated cities or towns in Texas, regardless of where the company is located.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.S.B. 559 amends the Tax Code to remove the specification that a person defined as a utility company for purposes of miscellaneous gross receipts taxes who owns or operates a gas or water works, water plant, electric light or electric power works, or light plant used for sale and distribution is one that sells or distributes locally and to remove the specification that a retail electric provider defined as a utility company that makes sales within an incorporated city or town in Texas is one that makes those sales locally. The bill changes the nature of the utility company on which a miscellaneous gross receipts tax is imposed in an incorporated city or town having a population of more than 1,000, according to the last federal census next preceding the filing of the report, from each utility company located in such a city or town to each utility company that makes a sale to an ultimate consumer in such a city or town.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2017.

COMPARISON OF SENATE ENGROSSED AND SUBSTITUTE

While C.S.S.B. 559 may differ from the engrossed in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the engrossed and committee substitute versions of the bill.

SENATE ENGROSSED

SECTION 1. Section 182.021(1), Tax Code, is amended.

SECTION 2. Section 182.022(a), Tax Code, is amended.

SECTION 3. Section 182.025(e)(3), Tax Code, is amended to read as follows:

(3) "Public utility" means:

(A) a person who owns or operates a gas or water works or water plant used for ~~local~~ sale and distribution ~~located~~ within an incorporated city or town in this state; or

(B) an electric utility or transmission and distribution utility providing distribution service within an incorporated city or town in this state.

No equivalent provision.

SECTION 4. This Act takes effect September 1, 2017.

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Same as engrossed version.

SECTION 2. Same as engrossed version.

No equivalent provision.

SECTION 3. The amendments made by this Act to Sections 182.021 and 182.022, Tax Code, are a clarification of existing law and do not imply that existing law may be construed as inconsistent with the law as amended by this Act.

SECTION 4. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2017.