

BILL ANALYSIS

Senate Research Center

H.B. 1098
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Finance
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Engrossed

DIGEST AND PURPOSE

Current law requires a seller to add the amount of the sales tax to the sales price of tangible personal property or taxable services but is ambiguous concerning tax liability on printed materials distributed by mail. There exists a need to clarify provisions attaching tax liability to the purchaser of printed materials. The purchaser, rather than the printer, has access to the information necessary to determine where the printed materials were mailed and is then able to use the information for tax purposes. H.B. 1098 relates to the collection of taxes on printed materials distributed by mail.

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 151.052, Tax Code, by amending Subsection (a) and adding Subsection (d), as follows:

(a) Provides that Subsection (d) is an exception to this subsection.

(d) Provides that for purposes of the printer's tax collection duty, it is presumed that printed materials that are distributed by the United States Postal Service singly or in sets addressed to individual recipients, other than the purchaser, and that are either produced at a printer's facility in this state or purchased in this state are for use in Texas and requires the printer to collect the tax imposed under this chapter. Provides that in order to overcome this presumption a purchaser of printed materials that are distributed by the United States Postal Service singly or in sets addressed to individual recipients, other than the purchaser, is required to issue an exemption certificate to the printer if the printed materials are for distribution to both in-state and out-of-state recipients. Requires the certificate to contain the statement that the printed materials are for multistate use and that the purchaser agrees to pay to this state all taxes that are or may become due to the state on the taxable items purchased under the exemption certificate. Provides that in this subsection, "printed materials" is defined to be materials that are produced by web offset or rotogravure printing processes. Provides that a printer is relieved of the obligation of collecting the taxes imposed by this chapter on printed materials that are distributed by the United States Postal Service singly or in sets addressed to individual recipients, other than the purchaser, but is required to file a report as provided by Section 151.407.

SECTION 2. Amends Section 151.103(a), Tax Code, to make a conforming change.

SECTION 3. Authorizes the comptroller of public accounts of the State of Texas to adopt rules and forms to implement the collection requirements provided by Section 151.052(d), Tax Code, as added by this Act.

SECTION 4. (a) Provides that the change in law made by this Act affects only the printer and does not create a new tax or tax exemption or affect the imposition of a tax or the granting of an exemption under Chapter 151, Tax Code.

(b) Provides that the legislature, by enacting this bill, expressly makes no statement, directly or implied, as to the existence or lack of existence of a tax liability on items mailed into this state. Requires that neither this Act nor the action of this legislature shall be construed to affirm or deny the existence of any such tax liability.

SECTION 5. Makes application of this Act prospective.

SECTION 6. Effective date: upon passage or September 1, 2001.