

BILL ANALYSIS

Senate Research Center
77R3234 CBH-D

S.B. 529
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Finance
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As Filed

DIGEST AND PURPOSE

Currently, contractors that rent tangible personal property, including machinery or equipment, for use in completion of a contract for an improvement to realty for a navigation district or public port authority, are required to pay sales tax on the rental of such tangible property and are passing that tax through to navigation districts and port authorities. As a result, the navigation districts and port authorities are paying sales tax on the tangible personal property, increasing their financial burden. If the navigation district or the port authority rented the tangible personal property directly, no tax would be required to be paid. As proposed, S.B. 529 provides navigation district and public port authorities the full benefit of such tax exemption.

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 amending Subsections (c) and (d) and adding Subsection (e), as follows:

- (c) Provides that the rental of tangible personal property, including machinery and equipment and its accessories and repair and replacement parts, for use in the performance of a contract for an improvement of realty of a navigation district or port authority created under Section 52, Article III, or Section 59, Article XVI, Texas Constitution, is exempt if the property meets certain requirements.
- (d) Makes a nonsubstantive change by deleting the words “of this code.”
- (e) Provides that for purposes of Subsection (b), rather than this section, tangible personal property is completely consumed if after being used once for its intended purpose it is used up or destroyed. Makes a conforming change.

SECTION 2. Effective date: upon passage or October 1, 2001.
Makes application of this Act prospective.