

## **BILL ANALYSIS**

Senate Research Center  
83R28293 SMH-F

C.S.H.B. 826  
By: Harless (Eltife)  
Finance  
5/17/2013  
Committee Report (Substituted)

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

The 82nd Legislature, Regular Session, enacted H.B. 2476 that related to how heavy equipment dealers' inventory was appraised for property tax purposes. That legislation imposed a single appraisal standard and created consistent valuations of a dealer's inventory. It also inadvertently included entities that were not intended to be included under the new structure. These entities include leasing companies and banks that act as financial institutions rather than actual heavy equipment dealers. These entities do not maintain locations open to the public nor do they maintain an inventory that is available for sale, lease, or rent. C.S.H.B. 826 clarifies that leasing companies and banks are not considered heavy equipment dealers by more clearly defining "dealer" and "dealer inventory."

C.S.H.B. 826 amends current law relating to the definitions of certain terms for purposes of the ad valorem taxation of certain dealer's heavy equipment inventory.

### **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 Sections 23.1241(a)(1) and (2), Tax Code, as follows:

(1) Provides that the term "dealer" does not include a bank, savings bank, savings and loan association, credit union, or other finance company. Provides that, for purposes of taxation of a person's inventory of heavy equipment in a tax year, the term does not include a person who renders the person's inventory of heavy equipment for taxation in that tax year by filing a rendition statement or property report in accordance with Chapter 22 (Renditions and Other Reports).

(2) Redefines "dealer's heavy equipment inventory" to mean all items of heavy equipment that a dealer holds for sale, lease, or rent in this state during a 12-month period.

SECTION 2. Provides that the only purposes of this Act are to exclude certain financial institutions and other finance companies, as well as persons who render their inventory of heavy equipment for taxation in accordance with Chapter 22, Tax Code, from being required to comply with the requirements of Sections 23.1241 (Dealer's Heavy Equipment Inventory; Value), 23.1242 (Prepayment of Taxes by Heavy Equipment Dealers), and 23.1243 (Refund of Prepayment of Taxes on Fleet Transaction), Tax Code, as amended or added by Chapter 322 (H.B. 2476), Acts of the 82nd Legislature, Regular Session, 2011, and to limit the definition of a dealer's heavy equipment inventory for purposes of those sections of the Tax Code to items of heavy equipment held for sale, lease, or rent in this state. Provides that this Act is not intended to affect any litigation pending on the effective date of this Act or filed on or after the effective date of this Act that arises out of the changes in law made by Chapter 322 (H.B. 2476), Acts of the 82nd Legislature, Regular Session, 2011.

SECTION 3. Provides that this Act applies only to ad valorem taxes imposed for a tax year beginning on or after the effective date of this Act.

SECTION 4. Effective date: January 1, 2014.