

BILL ANALYSIS

Senate Research Center
84R202 CJC-D

S.B. 31
By: Zaffirini
Finance
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The purpose of this legislation is to allow Texas volunteer firefighter and emergency services organizations to hold up to 10 sales tax-free fundraisers during a calendar year. Many volunteer fire departments (VFDs), which perform critical fire suppression and other related emergency services for local communities in Texas, depend on fundraisers for much of their operating revenue; therefore, it is imperative that they are able to maximize proceeds from those efforts. The relatively small amount of state sales tax revenue generated by local VFD fundraisers and submitted to the state may be a significant percentage of the operating budget of a small VFD; accordingly, a permanent extension of the statutory provision enacted by the legislature in 2011 would greatly benefit rural VFDs across the state.

In 2011 the Legislature passed S.B. 1927, which added Section 151.310(c-1), Tax Code, authorizing VFDs and emergency services organizations to hold ten tax-free sales or auctions per calendar year. That authorization, however, expired on September 1, 2014, and should be reauthorized. Doing so would help to ensure that VFDs are able to continue to operate in rural areas of the state where public funding for VFDs is limited.

As proposed, S.B. 31 amends current law relating to the authority of certain volunteer firefighter and emergency services organizations to hold tax-free sales or auctions.

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 151.310, Tax Code, by adding Subsection (c-1), as follows:

(c-1) Authorizes an organizations that qualifies for an exemption under Subsection (a)(4) (qualifying certain organizations to be exempted from taxes imposed by this chapter), notwithstanding Subsection (c) (authorizing tax-free sales or auctions for a tax exempt organization), to hold 10 tax-free sales or auctions during a calendar year. Authorizes each tax-free sale or auction to continue for not more than 72 hours. Provides that the storage, use, or consumption of a taxable item that is acquired from a qualified organization at a tax-free sale or auction and that is exempted under this subsection from the taxes imposed by Subchapter C (Imposition and Collection of Sales Tax) is exempted from the use tax imposed by Subchapter D (Imposition and Collection of Use Tax) until the item is resold or subsequently transferred. Provides that if an organization that qualifies for an exemption under Subsection (a)(4) jointly holds a tax-free sale or auction with one or more other exempt organizations, the tax-free sale or auction is considered to be one of the organization's 10 tax-free sales or auctions authorized by this subsection during that calendar year.

SECTION 2. Provides that the change in law made by this Act does not affect tax liability accruing before the effective date of this Act. Makes application of this Act prospective.

SECTION 3. Effective date: upon passage or September 1, 2015.