

## **BILL ANALYSIS**

C.S.H.B. 2117  
By: King, Tracy O.  
Ways & Means  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Interested parties have expressed concern that recent legislation intended to make it easier for appraisal districts and heavy equipment dealers to value rental and lease equipment has created a loophole in which certain large companies can dispute the values of machinery never before considered heavy equipment. The parties contend that this has resulted in billions of dollars in appraised values being disputed and has disrupted the ability of counties, cities, school districts, and other entities to properly fund their operations. C.S.H.B. 2117 seeks to remedy this issue.

### **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.H.B. 2117 amends the Tax Code to exclude from the definition of "heavy equipment" for purposes of the appraisal of a heavy equipment dealer's inventory for property taxation a natural gas compressor package or unit.

### **EFFECTIVE DATE**

January 1, 2016.

### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 2117 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

#### **INTRODUCED**

SECTION 1. Section 23.1241(a)(6), Tax Code, is amended to read as follows:

(6) "Heavy equipment" means self-propelled, self-powered, or pull-type equipment, including farm equipment or a diesel engine, that weighs at least 1,500

#### **HOUSE COMMITTEE SUBSTITUTE**

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84R 24905

15.111.710

Substitute Document Number: 84R 20016

pounds and is intended to be used for agricultural, construction, industrial, maritime, mining, or forestry uses. The term does not include:

(A) a motor vehicle ~~[that is]~~ required by ~~[(A)]~~ Chapter 501, Transportation Code, to be titled; ~~[or]~~

(B) a motor vehicle required by Chapter 502, Transportation Code, to be registered;  
or

(C) a natural gas compressor that is leased or rented to a person by a dealer or entity at less than the prevailing market value.

SECTION 2. This Act applies only to ad valorem taxes imposed for a tax year beginning on or after the effective date of this Act.

SECTION 3. This Act takes effect January 1, 2016.

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(B) a motor vehicle required by Chapter 502, Transportation Code, to be registered;  
or

(C) a natural gas compressor package or unit.

SECTION 2. Same as introduced version.

SECTION 3. Same as introduced version.