

BILL ANALYSIS

C.S.H.B. 2250
By: Darby
Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties maintain that certain companies engaged in business relating to renting work uniforms have been improperly classified for franchise tax purposes because the industry groups under which they operate are not expressly listed in the definition of "retail trade" in relation to that tax. C.S.H.B. 2250 seeks to remedy this situation by adding certain uniform rental activities to the definition of "retail trade" for franchise tax purposes.

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. 2250 amends the Tax Code to include in the definition of "retail trade" for franchise tax purposes certain activities involving the rental of industrial uniforms, industrial garments, and industrial linen supplies that are classified by the 1987 Standard Industrial Classification Manual published by the federal Office of Management and Budget as specified by the bill.

EFFECTIVE DATE

January 1, 2019.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 2250 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 171.0001(12), Tax Code, is amended to read as follows:
(12) "Retail trade" means:
(A) the activities described in Division G of the 1987 Standard Industrial Classification Manual published by the federal Office of

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Section 171.0001(12), Tax Code, is amended to read as follows:
(12) "Retail trade" means:
(A) the activities described in Division G of the 1987 Standard Industrial Classification Manual published by the federal Office of

85R 27357

17.119.303

Substitute Document Number: 85R 20040

Management and Budget;
(B) apparel rental activities classified as Industry 5999 or 7299 of the 1987 Standard Industrial Classification Manual published by the federal Office of Management and Budget;
(C) the activities classified as Industry Group 753 of the 1987 Standard Industrial Classification Manual published by the federal Office of Management and Budget;
(D) rental-purchase agreement activities regulated by Chapter 92, Business & Commerce Code;
(E) activities involving the rental or leasing of tools, party and event supplies, and furniture that are classified as Industry 7359 of the 1987 Standard Industrial Classification Manual published by the federal Office of Management and Budget;
[and]
(F) heavy construction equipment rental or leasing activities classified as Industry 7353 of the 1987 Standard Industrial Classification Manual published by the federal Office of Management and Budget;
and
(G) uniform rental activities classified as Industry 7213 or 7218 of the 1987 Standard Industrial Classification Manual published by the federal Office of Management and Budget.

SECTION 2. This Act applies only to a report originally due on or after the effective date of this Act.

SECTION 3. This Act takes effect January 1, 2018.

Management and Budget;
(B) apparel rental activities classified as Industry 5999 or 7299 of the 1987 Standard Industrial Classification Manual published by the federal Office of Management and Budget;
(C) the activities classified as Industry Group 753 of the 1987 Standard Industrial Classification Manual published by the federal Office of Management and Budget;
(D) rental-purchase agreement activities regulated by Chapter 92, Business & Commerce Code;
(E) activities involving the rental or leasing of tools, party and event supplies, and furniture that are classified as Industry 7359 of the 1987 Standard Industrial Classification Manual published by the federal Office of Management and Budget;
[and]
(F) heavy construction equipment rental or leasing activities classified as Industry 7353 of the 1987 Standard Industrial Classification Manual published by the federal Office of Management and Budget;
and
(G) activities involving the rental of industrial uniforms, industrial garments, and industrial linen supplies that are classified as Industry 7213 or 7218 of the 1987 Standard Industrial Classification Manual published by the federal Office of Management and Budget.

SECTION 2. Same as introduced version.

SECTION 3. This Act takes effect January 1, 2019.