

## **BILL ANALYSIS**

H.B. 4032  
By: Guillen  
Ways & Means  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Concerns have been raised regarding the loss of jobs, economic activity, and tax revenue by the marine industry in Texas due to the competitive advantages enjoyed by other states from favorable boat sales tax and regulations. H.B. 4032 seeks to address this issue by providing for a more competitive sales tax on certain vessels and motors.

### **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 rulemaking authority is expressly granted to the comptroller of public accounts in SECTION 4 of this bill.

### **ANALYSIS**

H.B. 4032 amends the Tax Code to exempt certain taxable boats or boat motors, as specified by the bill, from the taxes on the sales and use of boats and boat motors if:

- the taxable boat or motor is sold in Texas for use in another state or nation and is removed from Texas not more than 10 days after the date of purchase;
- the taxable boat or motor:
  - is sold in Texas for use in another state or nation;
  - not later than the 10th day after the date the boat or motor is purchased, is docked at or placed in a boat repair facility registered with the comptroller of public accounts for repairs or modifications;
  - is not used by a person while it is being repaired or modified, except as necessary to test the repairs or modifications; and
  - and is removed from Texas not more than 20 days after the date the repairs or modifications are finished; or
- the taxable boat or motor:
  - is sold in Texas for use in another state or nation;
  - displays a temporary use permit at all times after the boat or motor is purchased until the boat or motor is removed from Texas;
  - and is removed from Texas not more than 90 days after the date of purchase.

H.B. 4032 exempts from the use tax such a taxable boat or boat motor used in or brought into Texas for use if the boat or motor:

- has a current certificate of number issued under any federal law or a federally approved numbering system of another state,
- displays an applicable temporary use permit issued under the bill's provisions at all times while the boat or motor is located in Texas, and
- is removed from Texas not more than 90 days after the date the boat or motor is brought into Texas.

The bill authorizes the comptroller or an authorized agent of the Parks and Wildlife Department to issue a temporary use permit to the owner of certain taxable boats or motors that qualify for an exemption under the bill's provisions. The bill sets the fee for the permit at \$150 and establishes that the permit is valid for 90 days and may not be renewed. The bill limits the number of permits an owner of a taxable boat or motor may obtain in a calendar year to two and prohibits the second permit in a calendar year from being issued before the 30th day after the date the first permit expires. The bill requires the comptroller to adopt rules and procedures to implement these provisions.

H.B. 4032 caps the retail sales tax on the sale of a taxable boat or motor at \$18,750 and changes the maximum length of a vessel under which a boat is subject to the sales and use tax on boats and boat motors from 65 feet to 115 feet.

H.B. 4032 amends the Parks and Wildlife Code to make conforming changes.

**EFFECTIVE DATE**

September 1, 2019.