

- SUBJECT:** Exempting stevedores from state sales and use tax
- COMMITTEE:** Ways and Means — favorable, without amendment
- VOTE:** 7 ayes — Craddick, Wolens, Heflin, Horn, Marchant, Oliveira, Romo
0 nays
4 absent — Finnell, Holzheuser, T. Hunter, Place
- WITNESSES:** For — Edward A. Gilbert, West Gulf Maritime Association
Against — None
- BACKGROUND:** Tax Code sec. 151.329 exempts from the sales and use tax certain ships and ship equipment that operate outside the state. Owners and operators of ships used exclusively in foreign or interstate coastal commerce are exempt from paying the tax on materials and supplies that become part of the ship, or are loaded on the ship and used in its maintenance and operation. Stevedoring firms, which load and unload ships, are not included in the exemption.
- DIGEST:** HB 1611 would exempt from the sales and use tax materials or supplies provided in connection with stevedoring services for ships and vessels operating exclusively in interstate or foreign commerce if the materials or supplies were loaded on the vessel and not removed before departure. The tax exemption would take effect the first day of the first quarter after the bill took effect, which could be immediately if the bill is approved by two thirds of the membership of each house.
- SUPPORTERS SAY:** Stevedoring firms that load and unload ships for interstate or foreign-port commerce currently do not pay state and local sales taxes on materials — such as ropes, cables and pallets — that stay aboard these ships. This proposed change in the Tax Code would merely make the law and current practice conform. The ship owners already are exempt from sales tax, and it makes sense that stevedoring services should be as well. The fiscal note confirms that this clarification would have no significant fiscal impact.

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OPPONENTS No apparent opposition
SAY: