

- SUBJECT:** Requiring certain retailers to register with the comptroller
- COMMITTEE:** Licensing and Administrative Procedures — committee substitute recommended
- VOTE:** 9 ayes — Smith, Gutierrez, Geren, Goldman, Guillen, Kuempel, Miles, D. Miller, S. Thompson
- 0 nays
- WITNESSES:** For — Phillip Arp; (*Registered, but did not testify:* Adam Burklund, American Insurance Association; Kyle Frazier, Capitol Dome Partners; Beaman Floyd, Texas Coalition for Affordable Insurance Solutions)
- Against — None
- On — (*Registered, but did not testify:* Tommy Hoyt, Comptroller of Public Accounts; David Lancaster, Texas Society of Architects)
- BACKGROUND:** Tax Code, sec. 151.316(a) exempts from sales, excise, and use taxes certain items used for agricultural purposes, including materials used in building specific structures.
- The complexity of agricultural sales tax exemptions, particularly for certain structures used in the agriculture industry, can make collections problematic.
- DIGEST:** CSHB 3039 would require metal building, roof, and component retailers to register with the comptroller. A metal building, roof, and component retailer would be defined as a person that sold, altered, or fabricated metal buildings, roofs, or other components used in the construction of metal buildings for agricultural purposes.
- Retailers would be required to register with the comptroller by January 31 of each year. The registration would expire one year from the date of issue. The retailer would be required to provide certain information related

to the identification of their agents and places of business in Texas. The bill would allow the comptroller to charge a fee to cover the cost of registration. If a retailer failed to register, the retailer would be subject to a civil penalty of \$500 or less.

The bill would require the comptroller to study the compliance of retailers who made taxable sales of buildings, roofs, or components during 2016 and conduct random audits of certain registered retailers. The comptroller would report the findings of the study to the 85th Legislature by January 31, 2017, and if the comptroller determined that retailers were not complying with Tax Code, ch. 151, the comptroller's report would include recommendations to improve compliance.

The bill would take effect January 1, 2016.