

BILL ANALYSIS

Senate Research Center

H.B. 598
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Finance
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Engrossed

DIGEST

Currently, the cost of labor is exempt from the application of sales taxes if the labor is used to restore personal and tangible property damaged by a disaster in a declared disaster area. However, the building materials used to restore that property are subject to sales taxes. H.B. 598 exempts from taxes imposed under Chapter 151 (Limited Sales, Excise, and Use Tax), Tax Code, building materials used to restore a residence damaged by disaster in a declared area.

PURPOSE

As proposed, H.B. 598 sets forth provisions regarding the application of the sales tax to certain material used to restore a damaged residence in a disaster area.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter H, Chapter 151, Tax Code, by adding Section 151.351, as follows:

Sec. 151.351. BUILDING MATERIAL USED TO RESTORE CERTAIN PROPERTY. Exempts from the taxes imposed by this chapter (Limited Sales, Excise, and Use Tax) the building material used to restore a residence homestead and incorporated into the homestead if the amount of the charge for the building material is separately itemized and the restoration is performed on a residence homestead damaged within a disaster area by the condition that caused the area to be declared a disaster area. Provides that the exemption applies if the restoration is performed within 18 months after the date the area is declared a disaster area. Defines "building material," "disaster area," "residence homestead," and "restore" for this section.

SECTION 2. Makes application of this Act effective on the first day of the first calendar quarter beginning on or after the earliest date that it may take effect under Section 39, Article III, Texas Constitution. Makes application of this Act prospective.

SECTION 3. Emergency clause.