

## **BILL ANALYSIS**

Senate Research Center  
81R10008 CBH-F

S.B. 1202  
By: Deuell  
Finance  
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As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Current Texas law requires that the local sales tax on an item be sourced to the place of business from where it was shipped, provided the company has more than one place of business in this state. This has caused some confusion with regard to local sales tax sourcing of certain purchases. In some instances, a customer walks into a local retail outlet, selects, and pays for merchandise that will be shipped to his or her home, but the local sales tax is legally due to a warehouse or distribution facility in another community.

As proposed, S.B. 1202 amends Chapters 321 and 323 of the Tax Code to clarify the local sales tax sourcing laws and ensure that local sales tax is allocated to the retail location where the customer makes his or her purchase. S.B. 1202 allows business transactions and sales made through non-traditional sales channels such as call centers and the Internet to remain sourced to the warehouse or distribution center and benefit the community that is supporting that business infrastructure.

### **RULEMAKING AUTHORITY**

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

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Sections 321.203(c) and (d), Tax Code, as follows:

(c) Provides that if a retailer has more than one place of business in this state, a sale of each, rather than a, taxable item by the retailer is consummated at the place of business of the retailer, rather than the retailer's place of business, where the retailer first accepts payment in person by the purchaser or lessee for the taxable item at a place of business of the retailer in this state. Makes nonsubstantive changes.

(d) Provides that if Subsection (c) does not apply, rather than if neither the possession of a taxable item is taken at nor shipment or delivery of the item is made from the retailer's place of business in this state, the sale is consummated at the place of business of the retailer, rather than the retailer's place of business, in this state where the order is received.

SECTION 2. Amends Sections 323.203(c) and (d), Tax Code, as follows:

(c) Provides that if a retailer has more than one place of business in this state, a sale of each, rather than a, taxable item by the retailer is consummated at the place of business of the retailer, rather than the retailer's place of business, where the retailer first accepts payment in person by the purchaser or lessee for the taxable item at a place of business of the retailer in this state. Makes nonsubstantive changes.

(d) Provides that if Subsection (c) does not apply, rather than if neither the possession of a taxable item is taken at nor shipment or delivery of the item is made from the retailer's place of business in this state, the sale is consummated at the place of business of the retailer, rather than the retailer's place of business, in this state where the order is received.

SECTION 3. Makes application of this Act prospective.

SECTION 4. Effective date: September 1, 2009.