

BILL ANALYSIS

Senate Research Center
82R15613 ALL-F

H.B. 2810
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Finance
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Some dairies in Texas have shifted from the traditional dairy farm to more efficient systems that use complex structures in place of the traditional barns and milking parlors. These free-stall dairy barns can incorporate various features such as a maternity barn, where dairy calves are born and cared for, as well as commodity structures used to measure, mix, and process feed for dairy cows. The increasing use of nontraditional methods and systems has called into question whether the tax exemption for other, more traditional, items of agriculture is applicable to some of the new structures and features that are transforming the dairy industry. There is concern that current law is not clear on the matter, although many in the industry understand how the taxability of these structures is determined by the comptroller of public accounts in actual practice.

H.B. 2810 seeks to address such questions by clarifying that the tax exemption for agricultural items includes certain types of personal property incorporated into or attached to special-purpose agricultural structures, such as special-purpose dairy structures and by codifying what many consider to be current practice regarding the taxation of these structures.

H.B. 2810 amends current law relating to an exemption from the sales and use tax for tangible personal property incorporated into or attached to certain agricultural structures.

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. Reenacts Section 151.316(a), Tax Code, as amended by Chapters 1162 (H.B. 3144) and 1373 (S.B. 958), Acts of the 81st Legislature, Regular Session, 2009, and amends it as follows:

(a) Provides that certain items are exempted from the taxes imposed by this chapter, including tangible personal property incorporated into or attached to a structure that is located on a commercial dairy farm, is used or employed exclusively for the production of milk, and is a free-stall dairy barn, a dairy structure used solely for maternity purposes, or a dairy commodity structure used as a batch plant to measure, mix, and process finished feed for dairy cows.

SECTION 2. Provides that the change in law made by this Act does not affect tax liability accruing before the effective date of this Act. Provides that that liability continues in effect as if this Act had not been enacted, and the former law is continued in effect for the collection of taxes due and for civil and criminal enforcement of the liability for those taxes.

SECTION 3. Provides that to the extent of any conflict, this Act prevails over another Act of the 82nd Legislature, Regular Session, 2011, relating to nonsubstantive additions to and corrections in enacted codes.

SECTION 4. Effective date: September 1, 2011.