

BILL ANALYSIS

Senate Research Center
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H.B. 4032
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Finance
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

For over a decade, the Texas marine industry has been losing jobs and opportunities to Florida and other coastal states and has dropped in the ranks of boat sales and registrations. This is primarily due to a competitive disadvantage in boat sales tax and registration regulations in Texas.

A healthy marine industry also supports and generates economic activity for a multitude of other non-marine businesses located in our marine recreational communities. Establishing a boat sales tax cap, similar to that of other states, reducing restrictions, and providing incentives for vessels with out of state registration to utilize Texas waters will bolster marine businesses and associated jobs.

H.B. 4032 amends current law relating to the permitting and taxation of certain boats and boat motors, and imposes a fee.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the comptroller of public accounts of the State of Texas in SECTION 4 (Section 160.0246, Tax Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 31.003(16), Parks and Wildlife Code, to redefine "distributor" to mean a person who offers for sale, sells, or processes for distribution new vessels, rather than new boats, or outboard motors to dealers in this state.

SECTION 2. Amends Section 31.006(a), Parks and Wildlife Code, as follows:

(a) Authorizes the Texas Parks and Wildlife Department (TPWD) to authorize a dealer who holds a dealer's or manufacturer's number to act as the agent of TPWD under Subchapter B (Identification of Vessels; Required Numbering) and under Chapter 160 (Taxes on Sales and Use of Boats and Boat Motors), Tax Code, for the issuance of certificates of number and the collection of fees and taxes for vessels and outboard motors, rather than taxes for boats, sold by that dealer. Makes a nonsubstantive change.

SECTION 3. Amends Section 160.001(2), Tax Code, to redefine "boat" to mean a vessel not more than 115 feet in length, measured from the tip of the bow in a straight line to the stern, rather than has the meaning assigned by Section 31.003 (Definitions), Parks and Wildlife Code.

SECTION 4. Amends Subchapter B, Chapter 160, Tax Code, by adding Sections 160.0246, 160.0247, and 160.026, as follows:

Sec. 160.0246. EXEMPTION FOR CERTAIN BOATS AND MOTORS TEMPORARILY USED IN THIS STATE. (a) Provides that the taxes imposed by this chapter do not apply to the sale of a taxable boat or motor if:

(1) the boat or motor is sold in this state for use in another state or nation and is removed from this state not more than 10 days after the date of purchase;

(2) the boat or motor:

(A) is sold in this state for use in another state or nation;

(B) not later than the 10th day after the date the boat or motor is purchased, is docked at or placed in a boat repair facility registered with the comptroller for repairs or modifications;

(C) is not used by a person while it is being repaired or modified, except as necessary to test the repairs or modifications; and

(D) is removed from this state not more than 20 days after the date the repairs or modifications are finished; or

(3) the boat or motor:

(A) is sold in this state for use in another state or nation;

(B) displays a permit described by Section 160.0247 at all times after the boat or motor is purchased until the boat or motor is removed from this state; and

(C) is removed from this state not more than 90 days after the date of purchase.

(b) Provides that the tax imposed by Section 160.022 (Use Tax) does not apply to a taxable boat or motor used in this state or brought into this state for use if the boat or motor:

(1) has a current certificate of number issued under any federal law or a federally approved numbering system of another state;

(2) displays a permit described by Section 160.0247 at all times while the boat or motor is located in this state; and

(3) is removed from this state not more than 90 days after the date the boat or motor is brought into this state.

(c) Requires the comptroller of public accounts of the State of Texas (comptroller) to adopt rules and procedures to implement this section and Section 160.0247.

Sec. 160.0247. TEMPORARY USE PERMIT. (a) Authorizes the comptroller or an agent of TPWD to issue a temporary use permit to the owner of a taxable boat or motor that qualifies for an exemption from tax under Section 160.0246(a)(3) or (b).

(b) Provides that the fee for a permit is \$150.

(c) Provides that a permit is valid for 90 days and is prohibited from being renewed.

(d) Authorizes the owner of a taxable boat or motor to obtain not more than two permits in a calendar year for the boat or motor. Prohibits the second permit in a calendar year from being issued before the 30th day after the date the first permit expires.

Sec. 160.026. LIMITATION ON AMOUNT OF TAX. Prohibits the tax imposed under Section 160.021 (Retail Sales Tax) on the sale of a taxable boat or motor, notwithstanding any other law, from exceeding \$18,750.

SECTION 5. 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 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 6. Effective date: September 1, 2019.