



Legislative UPDATE

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Senate Finance Committee Schedules Interim Hearing on Items of City Interest

On December 3rd, the Senate Finance Committee will hold a public hearing to study two items of interest to Texas cities – business personal property tax exemptions and sales taxes collected on remote sales.

First, the committee will take up the following charge regarding the property tax on business personal property:

“Study the economic dynamics of the current business personal property tax. Consider the economic and fiscal effects of increased exemptions to the business personal property tax, versus its elimination. Following such study, make recommended changes to law.”

This item for interim study is not a new one for the Senate Finance Committee. In fact, last interim the committee studied a similarly-worded charge. Interested city officials can read the committee’s conclusions from that interim report [here](#) (discussion begins on Page 51).

Efforts in past legislative sessions to eliminate the property tax on business personal property have not gained much traction because of the hefty price tag to both local governments and the state. As a result, the legislature has shifted in recent years to look at exemptions to the business personal property tax as a means of tax relief instead of considering outright elimination of the tax. This shift is evident in the wording of the interim charge itself. Last legislative session,

Senate Bill 1006 would have increased the threshold below which business personal property is exempt from property taxation from \$500 to \$2500. That bill was unanimously approved by the Senate but did not come up for a vote in the House. The text of S.B. 1006, along with the corresponding bill summary and fiscal note can be accessed [here](#).

The committee will also hear testimony related to local sales tax collection following the United States Supreme Court decision in *South Dakota v. Wayfair*, which opened the door to remote sellers collecting state and local sales taxes:

“Monitor the implementation of legislation addressed by the Senate Committee on Finance passed by the 86th Legislature, as well as relevant agencies and programs under the committee's jurisdiction. Specifically, make recommendations for any legislation needed to improve, enhance, or complete implementation of the following:

- *House Bill 1525, relating to the administration and collection of sales and use taxes applicable to sales involving marketplace providers.”*

Among other things, H.B. 1525 requires online marketplace providers, like eBay and Etsy, to collect state and local sales taxes based upon the location in the state to which a purchased item is delivered. The comptroller's office has implemented rules to administer H.B. 1525, and presumably will update the committee on those efforts at the hearing.

The hearing notice can be read in its entirety [here](#).

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