

By: Turner

H.B. No. 1411

A BILL TO BE ENTITLED

AN ACT

relating to sales and use taxes on e-cigarette vapor products to fund grants for local law enforcement mental health staff; imposing taxes.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subtitle E, Title 2, Tax Code, is amended by adding Chapter 164 to read as follows:

CHAPTER 164. TAX ON E-CIGARETTE VAPOR PRODUCTS

Sec. 164.001. DEFINITIONS. In this chapter:

(1) "E-cigarette" has the meaning assigned by Section 161.081, Health and Safety Code.

(2) "Vapor product" means a consumable nicotine liquid solution or other material containing nicotine suitable for use in an e-cigarette.

Sec. 164.002. E-CIGARETTE VAPOR PRODUCT SALES TAX. (a) A tax is imposed on each sale of a vapor product in this state.

(b) The tax rate is five cents for each milliliter or fractional part of a milliliter of vapor product sold.

(c) The tax imposed under this section is in addition to the tax imposed under Subchapter C, Chapter 151. The tax imposed under this section does not apply to a sale unless the tax imposed under Subchapter C, Chapter 151, applies to the sale.

Sec. 164.003. E-CIGARETTE VAPOR PRODUCT USE TAX. (a) A tax is imposed on the storage, use, or other consumption in this state

of a vapor product purchased from a retailer for storage, use, or other consumption in this state.

(b) The tax rate is five cents for each milliliter or fractional part of a milliliter of vapor product stored, used, or otherwise consumed in this state.

(c) The tax imposed under this section is in addition to the tax imposed under Subchapter D, Chapter 151. The tax imposed under this section does not apply to the storage, use, or other consumption of a vapor product unless the tax imposed under Subchapter D, Chapter 151, applies to the storage, use, or other consumption.

Sec. 164.004. APPLICATION OF OTHER PROVISIONS OF CODE. (a) Except as provided by this chapter:

(1) the taxes imposed under this chapter are administered, imposed, collected, and enforced in the same manner as the taxes under Chapter 151 are administered, imposed, collected, and enforced; and

(2) the provisions of Chapter 151 applicable to the sales tax imposed under Subchapter C, Chapter 151, and the use tax imposed under Subchapter D, Chapter 151, apply to the sales and use taxes imposed under this chapter.

(b) A change in the law relating to the taxation of the sale or use of a vapor product under Chapter 151 also applies to the sales or use tax imposed under this chapter.

Sec. 164.005. REPORTS. (a) A person required to file a report under Section 151.403 who is also required to collect or pay a tax under this chapter shall file with the comptroller a report

1 stating:

2 (1) for sales tax purposes, the volume of vapor
3 products sold by the seller during the reporting period;

4 (2) for use tax purposes, the volume of vapor products
5 sold by the retailer during the reporting period for storage, use,
6 or other consumption in this state;

7 (3) the volume of vapor products subject to the use tax
8 that were acquired during the reporting period for storage, use, or
9 other consumption in this state by a purchaser who did not pay the
10 tax to a retailer;

11 (4) the amount of the taxes due under this chapter for
12 the reporting period; and

13 (5) any other information required by the comptroller.

14 (b) The report required by this section for a reporting
15 period is due on the same date that the tax payment for the period is
16 due.

17 Sec. 164.006. RECORDS. A person required to file a report
18 under Section 151.403 who is also required to collect or pay a tax
19 under this chapter shall keep a complete record of:

20 (1) the volume of vapor products sold in this state
21 during each reporting period;

22 (2) the volume of vapor products, including the
23 constituent parts of vapor products, purchased from every source
24 during each reporting period;

25 (3) all sales and use taxes, and any money represented
26 to be sales or use tax, collected during each reporting period; and

27 (4) any other information required by the comptroller.

1 Sec. 164.007. DISPOSITION OF REVENUE. The comptroller
2 shall deposit the revenue from taxes imposed under this chapter in
3 an account in the general revenue fund. The account is administered
4 by the Health and Human Services Commission. Money in the account
5 may be appropriated only to the commission for the purpose of making
6 grants under Section 164.008.

7 Sec. 164.008. GRANTS FOR LOCAL LAW ENFORCEMENT MENTAL
8 HEALTH STAFF. (a) In this section, "commission" means the Health
9 and Human Services Commission.

10 (b) Using money appropriated as provided by Section
11 164.007, the commission shall make grants to local law enforcement
12 agencies for the purpose of hiring staff to provide mental health
13 services related to the agencies' law enforcement functions.

14 (c) The commission shall request proposals for the award of
15 grants under this section. The commission shall evaluate the
16 proposals and award grants based on the proposed recipients'
17 quantifiable effectiveness and potentially positive impact on the
18 delivery of mental health services in the law enforcement context.

19 (d) A grant recipient may use grant money received under
20 this section only to pay for activities directly related to the
21 purpose of the grant program as described by Subsection (b).

22 (e) The commission shall establish procedures to administer
23 the grant program, including a procedure for the submission of a
24 proposal and a procedure to be used by the commission to evaluate a
25 proposal.

26 (f) The commission shall enter into a contract that includes
27 performance requirements with each grant recipient. The commission

1 shall monitor and enforce the terms of the contract. The contract
2 must authorize the commission to recoup grant money from a grant
3 recipient for failure of the grant recipient to comply with the
4 terms of the contract.

5 SECTION 2. This Act takes effect September 1, 2017.