

By: Canales

H.B. No. 343

A BILL TO BE ENTITLED

AN ACT

relating to a sales and use tax exemption for certain disabled veterans and surviving spouses of certain disabled veterans.

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

SECTION 1. Subchapter H, Chapter 151, Tax Code, is amended by adding Section 151.360 to read as follows:

Sec. 151.360. PURCHASES BY CERTAIN DISABLED VETERANS OR SURVIVING SPOUSES. (a) A taxable item sold, leased, or rented to, or stored, used, or consumed by, any of the following persons is exempted from the taxes imposed by this chapter:

(1) a person who holds a registration number issued under this section; or

(2) a member of the household where a person described by Subdivision (1) resides, if the purchase, lease, rental, or other consumption is for the benefit of the person, and if the household member is authorized to make purchases on the person's behalf.

(b) To claim an exemption under Subsection (a), the purchaser must state a registration number issued by the comptroller under this section on the exemption certificate provided by the purchaser of the item.

(c) A person is eligible to receive a registration number if:

(1) the person:

1 (A) is a resident of this state;

2 (B) enlisted in any branch of the armed forces of
3 the United States, including the Texas National Guard, and received
4 an honorable discharge; and

5 (C) has been certified by the United States
6 Department of Veterans Affairs or its successor to be in receipt of
7 disability compensation at the 100 percent rate as a result of a
8 permanent disability that:

9 (i) was sustained through military action
10 or accident; or

11 (ii) resulted from disease contracted while
12 in active service; or

13 (2) the person is the surviving spouse of a person
14 described by Subdivision (1), the person described by Subdivision
15 (1) is deceased, and the surviving spouse is not remarried.

16 (d) A person who is eligible for a registration number under
17 Subsection (c) may apply to the comptroller for the number. The
18 application must:

19 (1) be on a form prescribed by the comptroller; and

20 (2) contain any other information required by the
21 comptroller.

22 (e) The comptroller shall develop and implement a procedure
23 by which an applicant may submit an application described by
24 Subsection (d) electronically.

25 (f) The comptroller by rule shall establish a uniform date
26 on which all registration numbers issued under this section must be
27 renewed, regardless of the date on which a registration number is

1 initially issued. The rules must require registration numbers to
2 be renewed every four years.

3 (g) The comptroller may not issue a registration number that
4 contains the applicant's social security number.

5 (h) The comptroller, after written notice and a hearing, may
6 revoke the registration number issued to a person who fails to
7 comply with this chapter or a rule adopted under this chapter, or
8 who is no longer eligible for a registration number. A person whose
9 registration number the comptroller proposes to revoke under this
10 section is entitled to 20 days' written notice of the time and place
11 of the hearing on the revocation. The notice must state the reason
12 the comptroller is seeking to revoke the person's registration
13 number. At the hearing the person must show cause why the person's
14 registration number should not be revoked.

15 (i) The comptroller shall give written notice of the
16 revocation of a registration number under Subsection (h) to the
17 person to whom the number was issued. The notice may be personally
18 served on the person or sent by mail to the person's address as
19 shown in the comptroller's records.

20 (j) If the comptroller revokes a person's registration
21 number under Subsection (h), the comptroller may not revive the
22 registration number unless the comptroller is satisfied that the
23 person will comply with this chapter and the rules adopted under
24 this chapter. The comptroller may prescribe the terms under which a
25 revoked registration number may be revived.

26 (k) Following the revocation of a registration number by the
27 comptroller, the person who held the registration number must, on

1 the next transaction with a seller to whom the person previously
2 provided an exemption certificate with a registration number,
3 notify that seller that the person's registration number is no
4 longer valid. The failure of a person to notify a seller as
5 required by this subsection is considered a failure and refusal to
6 pay the taxes imposed by this chapter by the person required to make
7 the notification.

8 (l) The comptroller shall develop and operate an online
9 system to enable a seller to search and verify the validity of the
10 registration number stated on an exemption certificate. A seller
11 is not required to use the online system.

12 (m) An exemption certificate that states a registration
13 number issued by the comptroller to claim an exemption to which this
14 section applies is sufficient documentation of the seller's receipt
15 of the certificate in good faith for purposes of Sections [151.054](#)
16 and [151.104](#).

17 (n) The comptroller by rule shall establish procedures by
18 which a seller may accept a blanket exemption certificate with a
19 registration number issued by the comptroller to claim exemptions
20 under this section.

21 (o) A person eligible for a registration number who, at the
22 time of purchasing, leasing, renting, or otherwise consuming an
23 item for which the person may otherwise claim an exemption, has not
24 obtained a registration number from the comptroller must pay the
25 tax on the item to the seller at the time of the transaction. The
26 person may then apply for a registration number and, on receipt of
27 the number, may apply to the comptroller for a refund of the tax

1 paid, subject to the statute of limitations. The comptroller by
2 rule shall establish procedures for processing the refund requests.
3 Tax collected by a seller as described by this subsection is not tax
4 collected in error, and Section [111.104](#) does not apply to a refund
5 request submitted under this subsection.

6 (p) The comptroller may adopt rules to implement this
7 section.

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

14 SECTION 3. This Act takes effect September 1, 2017.