

## **BILL ANALYSIS**

Senate Research Center  
76R8789 JD-D

H.B. 3421  
By: Davis, Yvonne (Cain)  
Finance  
5/11/1999  
Engrossed

### **DIGEST**

Tax authorities are currently treating van converters as manufacturers and collecting a tax on a converter's inventory even though the converters do not, at any time, own the vehicles when they are retailed by a Texas dealer. Exempting van converters' inventory from the ad valorem tax and collecting the tax only at the retail sale would avoid double taxation. H.B. 3421 provides for the appraisal of certain motor vehicles for ad valorem tax purposes.

### **PURPOSE**

As proposed, H.B. 3421 provides for the appraisal of certain motor vehicles for ad valorem tax purposes.

### **RULEMAKING AUTHORITY**

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 23.121(a)(4), Tax Code, to provide that the "dealer's motor vehicle inventory" does not include a motor vehicle that is held for conversion for a dealer by a person who holds a converter's license issued by the Motor Vehicle Board of the Texas Department of Transportation under the Texas Motor Vehicle Commission Code.

SECTION 2. Effective date: January 1, 2000.  
Makes application of this Act prospective.

SECTION 3. Emergency clause.