

BILL ANALYSIS

Senate Research Center
79R7261 MFC-F

H.B. 2392
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Finance
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Engrossed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

H.B. 2392 is intended to clarify the taxable situs and rendition requirements of motor vehicles located at wholesale auto auctions.

Due to the potential for taxation created under current law, many companies that would otherwise send their vehicles to Texas auctions decide instead to divert those vehicles to competing auctions in surrounding states that do not assess personal property for taxation.

This bill remedies this problem by clarifying that motor vehicles located at wholesale auctions for a temporary period of not more than 60 days do not have taxable situs at the location of the auction facilities.

H.B. 2392 also clarifies that vehicles owned by retail dealers and already subject to the Dealer's motor vehicle inventory tax are not subject to property taxation again when temporarily located at wholesale auction facilities.

Finally, this bill codifies recent judicial opinions by clarifying that vehicles being sold at auction in the foreclosure process are not taxable to the financial institution holding the foreclosed lien.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 21.02, Tax Code, by adding Subsection (d), as follows:

(d) Provides that a motor vehicle does not have a taxable situs in a taxing unit under Subsection (a)(1) if certain circumstances exist on January 1.

SECTION 2. Amends Section 22.04, Tax Code, by adding Subsection (d), as follows:

(d) Provides that this section does not apply to certain vehicles located at a place of business under specified circumstances.

SECTION 3. Makes application of this Act prospective to a tax year beginning on or after January 1, 2006.

SECTION 4. Effective date: January 1, 2006.