

BILL ANALYSIS

Senate Research Center
83R24559 SMH-F

H.B. 315
By: Otto (Estes)
Finance
5/15/2013
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

A primary feature of the current administration of the vehicle inventory tax is that large volume motor vehicle dealers with few locations are allowed to pay their property taxes monthly, as they sell their vehicles, instead of once per year. However, some retailers primarily sell tangible personal property and few vehicles. Interested parties assert that such retailers are saddled with the administrative burden of filing reports each month, often with a payment as small as \$5 accompanying each monthly remittance, and that this also imposes a burden on the local jurisdictions that must process these numerous reports.

H.B. 315 seeks to address this issue by making changes relating to the applicability of the law governing the property taxation of a dealer's motor vehicle inventory by specifying that the definition of "dealer" for purposes of those provisions does not include certain specified dealers.

H.B. 315 amends current law relating to the applicability of the law governing the ad valorem taxation of a dealer's motor vehicle inventory.

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 23.121(a)(3), Tax Code, as follows:

(3) Redefines "dealer" to mean a person who holds a dealer's general distinguishing number issued by the Texas Department of Motor Vehicles under the authority of Chapter 503 (Dealer's and Manufacturer's Vehicle License Plates), Transportation Code, or who is legally recognized as a motor vehicle dealer pursuant to the law of another state and who complies with the terms of Section 152.063(f) (relating to requiring a seller, for a sale or resale, to keep at the seller's principal office for a least four years from the date of the sale, the purchaser's written statement of resale on a form prescribed by the comptroller of public accounts of the State of Texas). Provides that the term does not include:

(A) Makes no change to this subdivision;

(B)-(C) Makes nonsubstantive changes; or

(D) a dealer who:

(i) does not sell motor vehicles described by Section 152.001(3)(A) (defining "motor vehicle");

(ii) meets either of the following requirements:

(a) the total annual sales from the dealer's motor vehicle inventory, less sales to dealers, fleet transactions, and subsequent

sales, for the 12-month period corresponding to the preceding tax year are 25 percent or less of the dealer's total revenue from all sources during that period; or

(b) the dealer did not sell a motor vehicle to a person other than another dealer during the 12-month period corresponding to the preceding tax year and the dealer estimates that the dealer's total annual sales from the dealer's motor vehicle inventory, less sales to dealers, fleet transactions, and subsequent sales, for the 12-month period corresponding to the current tax year will be 25 percent or less of the dealer's total revenue from all sources during that period;

(iii) not later than August 31 of the preceding tax year, filed with the chief appraiser a declaration on a form prescribed by the comptroller of public accounts of the State of Texas stating that the dealer elected not to be treated as a dealer under this section in the current tax year; and

(iv) renders the dealer's motor vehicle inventory in the current tax year by filing a rendition with the chief appraiser in the manner provided by Chapter 22 (Renditions and Other Reports).

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: January 1, 2014.