

BILL ANALYSIS

Senate Research Center
84R23136 GRM-F

C.S.S.B. 1835
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Finance
5/6/2015
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

S.B. 1835 amends Section 152.022, Tax Code, to create an exemption for certain military servicemembers for taxes imposed upon motor vehicles purchased outside of the state. As it currently stands, taxes are imposed upon motor vehicles brought into the state by current and new Texas residents. This retroactive tax ensures that the state receives taxes on the purchase price or value of the vehicle, in the same way as if the vehicle had been purchased in state. The tax is calculated at either 6.25 percent of the original purchase price, or the Standard Presumptive Value (SPV) determined by the vehicle's value as determined by Black Book and based on its VIN number and odometer reading at the time of purchase, whichever amount is higher.

Current law ensures that residents do not cross state lines to purchase vehicles at a lower tax rate and then bring them back to be used on Texas roadways. While this tax is beneficial for the state, it imposes an unintended hardship on military servicemembers bringing vehicles to Texas that they purchased while stationed elsewhere on active duty. This bill will alleviate additional strain for servicemembers and their families' safe and reliable transportation.

This section of the Tax Code is important to the Texas economy, and with slight changes it can lift unintended financial burdens for certain members of our military community. C.S.S.B. 1835 seeks to reduce the already high cost of serving this country. The bill allows exemption only for current or former members of the United States Armed Forces who purchased their vehicles while on active duty in a different state. The bill will have significant benefits for servicemembers returning home to Texas.

C.S.S.B. 1835 amends current law relating to an exemption from the motor vehicle use tax for motor vehicles brought into this state by certain current or former military personnel.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the comptroller of public accounts of the State of Texas in SECTION 1 (Section 152.022, Tax Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 152.022, Tax Code, by adding Subsections (c) and (d), as follows:

(c) Provides that, subject to Subsection (d), the tax imposed by this section does not apply to a motor vehicle purchased at retail sale outside this state and used on the public highways of this state by a person who:

(1) is a current or former member of the United States armed forces; and

(2) purchased the motor vehicle while serving on active duty outside this state.

(d) Requires the comptroller of public accounts of the State of Texas (comptroller) to adopt rules prescribing the manner in which a person claiming an exemption under Subsection (c) must verify the person's eligibility for the exemption. Requires a person claiming an exemption under Subsection (c) to provide the person collecting the tax

imposed under this chapter any information required by the comptroller to verify eligibility for the exemption.

SECTION 2. Provides that the change in law made by this Act does not affect taxes imposed before the effective date of this Act. Provides that taxes imposed before the effective date of this Act are governed by the law in effect when the taxes were imposed, and that law is continued in effect for purposes of the liability for and collection of those taxes.

SECTION 3. Effective date: September 1, 2015.