

BILL ANALYSIS

Senate Research Center
81R21764 BEF-F

H.B. 236
By: Rodriguez et al. (Watson)
Finance
5/5/2009
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Current statute states that persons with orthopedic impairments needing modifications to either drive their vehicle or be transported in a vehicle are exempt from paying sales taxes on the vehicle. The current rule from the comptroller of public accounts (comptroller) states that if the purchaser of the vehicle meets the eligibility requirements for the exemption, then the sales tax is removed.

However, the dealer is not required to remove the tax before the sale of the vehicle. Some dealers have expressed frustration with the paperwork they are required to complete and are reticent to do so. In such situations, the customer pays the tax and completes the certificate. In addition to completing the certificate the customer carries the cost of the sales tax until reimbursement is received, which can be unaffordable for many of these customers.

H.B. 236 amends current law relating to the procedures to obtain an exemption from the motor vehicle sales tax for motor vehicles driven by persons who have orthopedic handicaps.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the comptroller of public accounts in SECTION 1 (Section 152.086, Tax Code) and SECTION 2 of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 152.086, Tax Code, by adding Subsections (b-1) and (b-2), as follows:

(b-1) Prohibits the seller of a motor vehicle from collecting the tax from the purchaser of the motor vehicle if the purchaser signs at the time of the purchase an exemption certificate that is on a form designated by the comptroller of public accounts (comptroller), and contains all information the comptroller considers reasonable to establish qualification for the exemption at the time of sale, and presents any other documentation or information the comptroller requires by rule.

(b-2) Authorizes the seller of a motor vehicle, notwithstanding any other provision of this section or other law, to rely on a properly executed and signed exemption certificate under Subsection (b-1) and provides that the seller does not have a duty to investigate the propriety of an exemption certificate that is valid on the certificate's face. Provides that a seller who relies on a properly executed and signed exemption certificate as provided by this subsection is not liable for motor vehicle sales taxes that would otherwise be due as a result of a motor vehicle sale.

SECTION 2. Requires the comptroller, not later than December 1, 2009, to adopt any rules to implement the changes in law made by this Act, and designate the form required by Section 152.086(b-1)(1)(A), Tax Code, as added by this Act, and make the form available to motor vehicle dealers and the public.

SECTION 3. Makes application of this Act prospective to January 1, 2010.

SECTION 4. Effective date: September 1, 2009.