

BILL ANALYSIS

Senate Research Center
86R14360 LHC-F

H.B. 3225
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Finance
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, the Tax Code requires a motor vehicle dealer's inventory be reported by the 10th day of each month. There is a \$100 per day penalty for late filings and a \$500 per month penalty for failing to file or failing to timely file. Small businesses often incur these penalties without regard to surrounding conditions or intent. Many times, punitive fines exceed the actual tax owed. H.B. 3225 would remove language requiring that a motor vehicle dealer pay a penalty for failing to file or failing to timely file a Vehicle Inventory Statement and instead allow the appropriate tax collector to impose a penalty. The bill reduces the amount of the penalty for each month that a Vehicle Inventory Statement is not filed or timely filed to \$100 from \$500.

H.B. 3225 amends current law relating to the penalty for failing to file or failing to timely file a Dealer's Motor Vehicle Inventory Tax Statement.

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 23.122(n), Tax Code, as follows:

(n) Authorizes a dealer who fails to file or fails to timely file a statement as required by this section (Prepayment of Taxes by Certain Taxpayers), in addition to other penalties provided by law, to be required by the collector to pay a penalty, rather than requiring a dealer who fails to file or fails to timely file a statement as required by this section, in addition to other penalties provided by law, to forfeit a penalty. Requires the appropriate district attorney, criminal district attorney, county attorney, collector, or person designated by the collector to collect a penalty imposed under this section in the name of the collector, rather than requiring the appropriate district attorney, criminal district attorney, county attorney, collector, or person designated by the collector to collect the penalty established by this section in the name of the collector. Provides that a penalty imposed under this subsection is \$100 for each month or part of a month in which a statement is not filed or timely filed after it is due, rather than providing that a penalty forfeited under this subsection is \$500 for each month or part of a month in which a statement is not filed or timely filed after it is due. Makes a nonsubstantive change.

SECTION 2. Amends Section 23.129(a), Tax Code, as follows:

(a) Provides that, subject to Subsection (b) (relating to authorizing a chief appraiser or collector to waive a penalty only if the taxpayer files certain documents):

(1) makes no changes to this subdivision; and

(2) a collector is authorized to waive a penalty imposed by Section 23.1242(m) (relating to requiring a dealer who fails to file or fails to timely file a statement as required to forfeit a penalty) or 23.128(m) (relating to providing that a retailer who fails to file or fails to timely file a statement as required is liable for a penalty

in the amount of \$500 for each month or part of a month in which a statement is not filed after it is due), rather than a collector is authorized to waive a penalty imposed by Section 23.122(n), 23.1242(m), or 23.128(m).

SECTION 3. Makes application of Section 23.122(n), Tax Code, as amended by this Act, prospective.

SECTION 4. Effective date: September 1, 2019.