

## **BILL ANALYSIS**

C.S.S.B. 58  
By: Zaffirini  
Ways & Means  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Concerns have been raised regarding the inconsistent application of the property tax exemption for vehicles leased for personal use when the lessee is the state, a political subdivision of the state, or a nonprofit organization. It has been noted that because some government and nonprofit entities are already exempt from paying property tax on vehicles they own, the ambiguity regarding the leased vehicle exemption creates an arbitrary incentive for the entities to purchase vehicles. There are concerns that this incentive deprives these entities of the potential financial benefits of leasing vehicles, such as lower maintenance costs. C.S.S.B. 58 seeks to address this issue by clarifying that the tax exemption for motor vehicles leased for personal use also applies to vehicles leased by the state, a political subdivision of the state, and certain nonprofit organizations.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.S.B. 58 amends the Tax Code to exempt a motor vehicle that is subject to a lease from property taxation if the lessee does not hold the vehicle for the production of income and the vehicle:

- is leased to the state or a political subdivision of the state; or
- is leased to an organization that is exempt from federal income taxation under the federal Internal Revenue Code of 1986 as a charitable organization and would be exempt from taxation if the vehicle were owned by the organization.

The bill requires the form used to apply for the exemption to require such a lessee entity to provide the lessee's name, address, and, if applicable, federal tax identification number and to require the authorized representative of such a lessee entity to certify under oath that the lessee does not hold the vehicle for the production of income and that the vehicle is used primarily for activities that do not involve the production of income.

C.S.S.B. 58 gives the owner of a motor vehicle leased for a use other than production of income the option to maintain an electronic image of the form used to apply for the applicable property tax exemption or a certified copy of the form as an alternative to maintaining the original form.

**EFFECTIVE DATE**

September 1, 2019.

**COMPARISON OF SENATE ENGROSSED AND SUBSTITUTE**

While C.S.S.B. 58 may differ from the engrossed in minor or nonsubstantive ways, the following summarizes the substantial differences between the engrossed and committee substitute versions of the bill.

The substitute includes an option for the owner of a motor vehicle leased for a use other than production of income to maintain an electronic image of the form used to apply for the applicable property tax exemption or a certified copy of the form as an alternative to maintaining the original form.