

SUBJECT: Tax provisions affecting motor vehicle dealers

COMMITTEE: Ways and Means — favorable, with amendment

VOTE: 8 ayes — Craddick, Ramsay, Grusendorf, Heflin, Holzheuser, Oliveira, Stiles, Telford

0 nays

3 absent — Horn, Thompson, Williamson

WITNESSES: For — Gene Fondren, Texas Automobile Dealers Association

Against — None

DIGEST: HB 2116, as amended, would revise various parts of the Tax Code involving motor vehicle sales. The bill would specify that only licensed out-of-state auto dealers are exempted from the motor vehicles sales tax; that equipment or machinery designed for specific work-related purposes other than transporting a person or property is not considered a motor vehicle for tax purposes; and that a fleet transaction involves the sale of five or more vehicles to one person, rather than a business entity.

HB 2116 would authorize chief appraisers or their designees to collect tax penalties imposed on auto dealers. A chief appraiser's report to the Texas Department of Transportation indicating that a licensed dealer sold fewer than five cars would be prima facie grounds for termination of that dealer's license.

HB 2116 would take immediate effect if finally approved by a two-thirds record vote of the membership in each house.

SUPPORTERS SAY: HB 2116 would make nonsubstantive changes to clarify revisions to the Tax Code enacted last session. The only substantive change in the bill would authorize chief appraisers to collect tax penalties on auto dealers. Currently, only district attorneys, criminal district attorneys, and county attorneys have this authority. These officials would not lose the authority to collect these

HB 2116  
House Research Organization  
page 2

taxes, but HB 2116 would give counties the option of having the chief appraiser assume this responsibility.

OPPONENTS  
SAY:

No apparent opposition.

NOTES:

The committee amendment would define a fleet transaction as involving the sale of five or more vehicles to one person, rather than a business entity; add a requirement that chief appraisers report licensed dealer who sold fewer than than five vehicles per year; and establish that such a report would be prima facie grounds for cancelling the dealer's license.