

SUBJECT: Specifying provisions regarding certain deduction for motor vehicle taxes

COMMITTEE: Ways and Means — favorable, without amendment

VOTE: 11 ayes — Meyer, Thierry, Button, Cole, Guerra, Martinez Fischer,
Murphy, Noble, Rodriguez, Sanford, Shine

0 nays

WITNESSES: For — None

Against — None

On — (*Registered, but did not testify*: Karey Barton, Comptroller of
Public Accounts)

BACKGROUND: For the purpose of determining taxes imposed on the sale, rental, or use of a motor vehicle, under Tax Code sec. 152.002, a person may deduct a motor vehicle's fair market value from the total consideration paid for a replacement vehicle if the person is in the business of selling, renting, or leasing motor vehicles, obtains the certificate of title, and uses the vehicle for business or personal purposes.

DIGEST: HB 2627 would specify that the fair market value deduction for a replacement motor vehicle obtained by a person in the business of selling, renting, or leasing motor vehicles was applicable only with respect to vehicles titled and used in Texas.

The bill would be a clarification of existing law and would not imply that existing law could be construed as inconsistent with this bill.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2021.