

BILL ANALYSIS

Senate Research Center
77R9649 JD-F

C.S.S.B. 248
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Finance
4/20/2001
Committee Report (Substituted)

DIGEST AND PURPOSE

Currently, under the Texas Tax Code, all leased vehicles are subject to ad valorem property taxes, originally intended to apply to businesses leasing fleets of vehicles, while many such leases today are for individuals interested in driving a new vehicle for a lower price. C.S.S.B. 248 eliminates ad valorem taxes for vehicles leased primarily for personal use.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the comptroller of public accounts in SECTION 1 (Section 11.252, Tax Code).

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 11B, Tax Code, by adding Section 11.252, as follows:

Sec. 11.252. MOTOR VEHICLES LEASED FOR PERSONAL USE. (a) Provides that the owner of a motor vehicle that is subject to a lease is entitled to an exemption from taxation of the vehicle if certain requirements are met.

(b) Provides that, for the purposes of this section, a motor vehicle is used primarily for activities that do not involve the production of income if more than 50 percent of the use of the vehicle is for those activities.

(c) Requires the comptroller by rule to establish exemption application requirements and appropriate procedures to determine whether a motor vehicle subject to a lease qualifies for an exemption under Subsection (a).

(d) Requires the comptroller by rule, in connection with the requirements and procedures under Subsection (c), to adopt a form to be completed by the lessee of a motor vehicle for which the owner of the vehicle may apply for an exemption under Subsection (a). Requires the form to require the lessee to provide the lessee's name, address, and driver's license number, and 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. Requires the comptroller to include on the form a notice of the penalties prescribed by Section 37.10 (Tampering with Governmental Record), Penal Code, for making a false statement on the form.

(e) Requires the owner of a motor vehicle that is subject to a lease to maintain the form completed by the lessee of the vehicle and make the form available for inspection and copying by the chief appraiser of the applicable appraisal district at all reasonable times. Provides that if the owner does not maintain a completed form relating to the vehicle, the owner will be subject to certain provisions.

(f) Authorizes the governing body of a municipality by ordinance adopted before

January 1, 2002, to provide for the taxation of leased motor vehicles otherwise exempted under Subsection (a). Provides that if the governing body of a municipality provides for the taxation of leased motor vehicles under this subsection, the exemption provided by Subsection (a) does not apply to a municipality.

(g) Provides that if not continued in effect by the legislature, this section expires December 31, 2003.

(h) Defines "lease" and "motor vehicle."

SECTION 2. Effective date: January 1, 2002.

Makes application of this Act retroactive to January 2, 2001.

SUMMARY OF COMMITTEE CHANGES

SECTION 1. Amends As Filed S.B. 248 by adding proposed Sections 11.252(f) and (g) and redesignating proposed Section 11.252(f) as Section 11.252(h).