

BILL ANALYSIS

Senate Research Center
81R5842 CBH-D

S.B. 995
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Finance
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

In Texas, individuals receiving a vehicle as a gift pay a \$10 gift tax instead of the motor vehicle sales tax. The only evidence needed to confirm that the vehicle was received as a gift is the signature of the person making the gift on Form 130-U.

As proposed, S.B. 995 amends Section 152.025, Tax Code, to allow a \$10 gift tax only if a person receives a vehicle as a gift from a parent, stepparent, spouse, grandparent, child, stepchild, grandchild, guardian, or estate. Furthermore, the bill requires a notarized statement confirming such a relationship.

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 152.001(1), Tax Code, to redefine "sale" to include a transaction in which a motor vehicle is transferred to another person without payment consideration and that does not qualify as a gift under Section 152.025 (Tax on Gift of Motor Vehicle).

SECTION 2. Amends Section 152.025(a), Tax Code, as follows:

(a) Provides that a tax is imposed on the recipient of a gift of a motor vehicle. Provides that this section applies only if the person receiving the motor vehicle receives the vehicle from certain persons or a decedent's estate, or is exempt from federal income taxation under Section 501(a), Internal Revenue Code of 1986, by being listed as an exempt organization under Section 501(c)(3) of that code, and the vehicle will be used for the purposes of the organization.

SECTION 3. Amends Section 152.062, Tax Code, by amending Subsection (b) and adding Subsection (b-1), as follows:

(b) Requires the statement [required to be filed with the tax assessor-collector] to be made by the principal parties, if the ownership of a motor vehicle is transferred as the result of an even exchange, rather than a gift or even exchange, as a joint statement describing the nature of the transaction; or by the principal parties, if the ownership of a motor vehicle is transferred as the result of a gift, as a joint statement describing the nature of the transaction and the relationship between the principal parties.

(b-1) Requires that a joint statement required by Subsection (b)(3) be notarized.

SECTION 4. Makes application of this Act prospective.

SECTION 5. Provides that the change in law made by this Act does not affect tax liability accruing before the effective date of this Act. Provides that liability continues in effect as if this Act had not been enacted, and the former law is continued in effect for the collection of taxes due and for civil and criminal enforcement of the liability for those taxes.

SECTION 6. Effective date: September 1, 2009.