

## **BILL ANALYSIS**

Senate Research Center  
82R4498 JE-D

S.B. 495  
By: Fraser  
Finance  
3/11/2011  
As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Currently, Texas law states that a Texas resident who purchases a vehicle outside the state and returns the vehicle to Texas to register it must pay a 6.25 percent motor vehicle sales tax, in addition to the registration fee. In many cases, an active duty member of the United States armed forces residing in Texas on military orders would have already paid sales tax on the vehicle in the state where it was originally purchased. With active duty troops frequently moving in and out of Texas on Permanent Change of Station (PCS) or on Expiration Term of Service (ETS) orders they often will be double taxed on their vehicles.

S.B. 495 would remove the tax burden for motor vehicles purchased outside the state and brought into the state by a new Texas resident who is an active duty or recently retired member of the armed forces.

As proposed, S.B. 495 amends current law relating to an exemption from the motor vehicle use tax for motor vehicles brought into this state by certain military personnel or retired military personnel.

### **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 152.022, Tax Code, by adding Subsection (c), as follows:

(c) Provides that the tax imposed by this section does not apply to a motor vehicle purchased at retail value outside this state and used on the public highways of this state by an active duty member of the United States armed forces residing in this state on military orders, or a person who retires as an active duty member of the United States armed forces and applies to register the car before the first anniversary of the person's date of retirement.

SECTION 2. Amends Section 152.023, Tax Code, by adding Subsection (d), as follows:

(d) Provides that the tax imposed by this section does not apply to a motor vehicle described by Subsection (a) (relating to the tax imposed on a new resident bringing a motor vehicle into this state that has previously been registered in any other state or foreign country or leased in another state or foreign country), that is brought into this state by an active duty member of the United States armed forces residing in this state on military orders, or a person who retires as an active duty member of the United States armed forces and applies to register the car before the first anniversary of the person's date of retirement.

SECTION 3. Makes application of this Act prospective.

SECTION 4. Effective date: July 1, 2011, or September 1, 2011.