

BILL ANALYSIS

Senate Research Center
86R2551 SMT-F

S.B. 50
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Finance
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

When a Texas resident purchases goods or services outside of the state and sales tax is not collected, he or she must pay a use tax for the purchase. Such taxes are imposed when vehicles purchased by residents outside of the state are later brought to Texas for in-state use.

Texas service members deployed in another country often purchase vehicles for personal use while they are abroad and, accordingly, do not pay state sales taxes when these vehicles are purchased. Although current law allows a person to purchase a vehicle in Texas for use outside of the state without paying sales tax, allowing a service member to purchase a vehicle in Texas and transport it to the where he or she is stationed, upon returning home the service member is charged a use tax when registering the vehicle in Texas.

S.B. 50 would create an exemption to the sales and use tax imposed on motor vehicles purchased by an active duty service member who is a Texas resident deployed outside the United States, recognizing their valuable service to our country and ensuring an easier transition to life back home.

As proposed, S.B. 50 amends current law relating to an exemption from the motor vehicle sales and use tax for certain military servicemembers serving on active duty.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the comptroller of public accounts of the State of Texas in SECTION 1 (Section 152.095, Tax Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter F, Chapter 152, Tax Code, by adding Section 152.095, as follows:

Sec. 152.095. ACTIVE DUTY MILITARY SERVICEMEMBERS. (a) Provides that the taxes imposed by this chapter (Taxes on Sale, Rental, and Use of Motor Vehicles) do not apply to the sale or use of a motor vehicle purchased by an active duty member of the United States armed forces for the member's own private use if the member is a resident of this state and is deployed outside the United States.

(b) Requires a member who is eligible for an exemption under this section to apply to the comptroller of public accounts of the State of Texas (comptroller) for a certificate stating that the member is exempt from the taxes imposed by this chapter as provided by this section. Requires the comptroller to issue the certificate if the comptroller determines that the member qualifies for the exemption.

(c) Authorizes the comptroller to adopt rules to implement and administer this section.

SECTION 2. Makes application of this act prospective.

SECTION 3. Effective date: July 1, 2019, or September 1, 2019.