

By: Thierry

H.B. No. 2627

A BILL TO BE ENTITLED

AN ACT

relating to the clarification of certain provisions regarding taxes imposed on the sale, rental, and use of motor vehicles.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 152.001(14), Tax Code, is amended to read as follows:

(14) "Nonprofit" means:

(A) organized as a nonprofit corporation that is governed by Chapter 22, Business Organizations Code [~~under the Texas Non-Profit Corporation Act (Article 1396-1.01 et seq., Vernon's Texas Civil Statutes)~~]; or

(B) organized and operated in a way that does not result in accrual of distributable profits, realization of private gain resulting from payment of compensation other than reasonable compensation for services rendered by persons who are not members of the organization, or realization of any other form of private gain.

SECTION 2. Section 152.002(c), Tax Code, is amended to read as follows:

(c) A person who is in the business of selling, renting, or leasing motor vehicles, who obtains the certificate of title under Chapter 501, Transportation Code, to a motor vehicle, and who uses that motor vehicle in this state for business or personal purposes may deduct its fair market value from the total consideration paid

1 for a replacement vehicle if:

2 (1) the person obtains the certificate of title under
3 Chapter 501, Transportation Code, to the replacement motor vehicle;

4 (2) the person uses the replacement motor vehicle in
5 this state for business or personal purposes; and

6 (3) the replaced motor vehicle is offered for sale.

7 SECTION 3. The amendments made by this Act are a
8 clarification of existing law and do not imply that existing law may
9 be construed as inconsistent with the law as amended by this Act.

10 SECTION 4. This Act takes effect immediately if it receives
11 a vote of two-thirds of all the members elected to each house, as
12 provided by Section 39, Article III, Texas Constitution. If this
13 Act does not receive the vote necessary for immediate effect, this
14 Act takes effect September 1, 2021.