

By: Thompson of Brazoria

H.B. No. 2004

A BILL TO BE ENTITLED

AN ACT

relating to the tax imposed on the purchase of a motor vehicle by the lessee on termination of the lease.

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

SECTION 1. Section 152.001, Tax Code, is amended by amending Subdivision (2) and adding Subdivision (21) to read as follows:

(2) "Retail sale" means a sale of a motor vehicle except:

(A) the sale of a new motor vehicle in which the purchaser is a franchised dealer who is authorized by law and by franchise agreement to offer the vehicle for sale as a new motor vehicle and who acquires the vehicle either for the exclusive purpose of sale in the manner provided by law or for purposes allowed under Chapter 503, Transportation Code;

(B) the sale of a vehicle other than a new motor vehicle in which the purchaser is a dealer who holds a dealer's general distinguishing number issued under Chapter 503, Transportation Code, and who acquires the vehicle either for the exclusive purpose of resale in the manner provided by law or for purposes allowed under Chapter 503, Transportation Code;

(C) the sale to a franchised dealer of a new motor vehicle removed from the franchised dealer's inventory for the purpose of entering into a contract to lease the vehicle to another

1 person if, immediately after executing the lease contract, the
2 franchised dealer transfers title of the vehicle and assigns the
3 lease contract to the lessor of the vehicle; ~~[or]~~

4 (D) the sale of a new motor vehicle in which the
5 purchaser is a manufacturer or distributor as those terms are
6 defined by Section 2301.002, Occupations Code, who acquires the
7 motor vehicle either for the exclusive purpose of sale in the manner
8 provided by law or for purposes allowed under Section 503.064,
9 Transportation Code; or

10 (E) the sale of a vehicle other than a new motor
11 vehicle in a lease buyout.

12 (21) "Lease buyout" means the purchase of a motor
13 vehicle that is the subject of a lease agreement by the lessee of
14 the vehicle under the lease agreement from the lessor on
15 termination of the lease agreement. The term does not include the
16 purchase of a motor vehicle by the lessee if the lessor has offered
17 the vehicle for sale to persons other than the lessee.

18 SECTION 2. Subchapter B, Chapter 152, Tax Code, is amended
19 by adding Section 152.029 to read as follows:

20 Sec. 152.029. TAX ON LEASE BUYOUT. (a) A tax is imposed on
21 the purchaser of a motor vehicle in a lease buyout.

22 (b) The tax is \$5.

23 (c) No transfer of title in a lease buyout shall be
24 accomplished until the tax has been paid.

25 SECTION 3. Section 152.0412(g), Tax Code, is amended to
26 read as follows:

27 (g) This section does not apply to a transaction described

1 by Section 152.024, ~~[or]~~ 152.025, or 152.029.

2 SECTION 4. Sections 152.062(b) and (c), Tax Code, are
3 amended to read as follows:

4 (b) The statement must be in the following form:

5 (1) if a motor vehicle is sold, other than in a lease
6 buyout, the seller and purchaser shall make a joint statement of the
7 then value in dollars of the total consideration for the vehicle;

8 (2) if the ownership of a motor vehicle is transferred
9 as the result of an even exchange, the principal parties shall make
10 a joint statement describing the nature of the transaction; ~~[or]~~

11 (3) if the ownership of a motor vehicle is transferred
12 as the result of a gift, the principal parties shall make a joint
13 statement describing the nature of the transaction and the
14 relationship between the principal parties; or

15 (4) if a motor vehicle is purchased in a lease buyout,
16 the seller and purchaser shall make a joint statement describing
17 the nature of the transaction and shall provide a copy of the lease
18 agreement.

19 (c) If a party to a sale, even exchange, ~~[or]~~ gift, or lease
20 buyout is a corporation, the president, vice-president, secretary,
21 manager, or other authorized officer of the corporation shall make
22 the statement for the corporation.

23 SECTION 5. Section 152.063, Tax Code, is amended by adding
24 Subsection (i) to read as follows:

25 (i) The seller of a motor vehicle in a lease buyout shall
26 keep, at the seller's principal office for at least four years from
27 the date of the sale, a copy of the lease agreement and a complete

1 record of the lease buyout, including an invoice showing the total
2 consideration for the lease buyout.

3 SECTION 6. The change in law made by this Act does not
4 affect tax liability accruing before the effective date of this
5 Act. That liability continues in effect as if this Act had not been
6 enacted, and the former law is continued in effect for the
7 collection of taxes due and for civil and criminal enforcement of
8 the liability for those taxes.

9 SECTION 7. This Act takes effect September 1, 2023.