

## **BILL ANALYSIS**

Senate Research Center  
80R1782 KLA-D

H.B. 261  
By: Pickett et al. (Janek)  
Finance  
4/25/2007  
Engrossed

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

Under current law, tax assessors compute a standard presumptive value to determine the tax base for calculating motor vehicle sales tax due at the sale of a vehicle. The assessor then collects the sales tax due if the amount calculated is equal to or greater than 80 percent of the vehicle's standard presumptive value. This law currently applies to motor vehicles disposed of by a federal, state, or local governmental entity, despite the fact that many of the sales conducted by these entities are considered "arms-length" transactions, which tend to have sales prices that closely reflect the actual value of a motor vehicle and that is of insignificant difference in comparison to the vehicle's standard presumptive value.

H.B. 261 provides that a motor vehicle disposed of by a federal, state, or local governmental entity at public auction, including an auction of abandoned vehicles, is not subject to the requirements of presumptive value for determining motor vehicle sales tax.

### **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 152.0412(h), Tax Code, to include a motor vehicle sold by a federal, state, or local governmental entity at a public auction, including an auction authorized by Chapter 683 (Abandoned Motor Vehicles), as a motor vehicle to which this section (Standard Presumptive Value; Use by Tax Assessor-Collector), does not apply.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: September 1, 2007.