BILL ANALYSIS

H.B. 261
By: Pickett
Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Currently, a "standard presumptive value" (SPV) is used to determine the tax base for calculating motor vehicle sales tax due. Tax assessors compute the standard presumptive value of a motor vehicle and collect any tax due from the sale of that vehicle if the amount is equal to or greater than 80 percent of its standard presumptive value. Under the bill, motor vehicles disposed of by a federal, state, or local governmental entity at public auction, including an auction of abandoned vehicles, would not be subject to the requirements of presumptive value for determining a basis for the computation of motor vehicle sales tax due. The motor vehicle sales tax due would, rather, be based on purchase price paid on the date of sale. Because these sales would be considered "arms-length" transactions, the sales price should reflect the actual value of a motor vehicle, and any differences between a "presumptive value" and actual price paid would be insignificant.

HB 261 would amend Chapter 152 of the Tax Code to exempt certain motor vehicle sales transactions from the presumptive value method of calculating motor vehicle sales tax due.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

HB 261 amends Chapter 152, Tax Code, to state that motor vehicles disposed of by a federal, state, or local governmental entity at a public auction, including an auction of abandoned vehicles, would not be subject to the requirements of presumptive value for determining a basis for the computation of motor vehicle sales tax due. Rather, the motor vehicle sales tax due would be based on purchase price paid on the date of sale at the public auction.

HB 261 takes effect September 1, 2007.

EFFECTIVE DATE

This Act takes effect September 1, 2007.