

## **BILL ANALYSIS**

C.S.H.B. 1022  
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Ways & Means  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

In the 79<sup>th</sup> Legislature, HB. 809 clarified that rendition requirements passed in the previous session did not impose a requirement on individuals to render their personal automobiles that are used both for personal and business purposes. A number of appraisal districts continue to tax mixed-use vehicles because the Texas Constitution does not specifically exempt business personal property from taxation. A recent Attorney General opinion (GA-0484) stated while a person does not have to render a personal automobile, the legislation (HB 809) did not establish such property is exempt from taxation.

C.S.H.B. 1022 exempts from ad valorem taxation one personally owned motor vehicle used both for personal and business purposes.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

This bill provides that an individual is entitled to an exemption from ad valorem taxation of one motor vehicle owned by the individual that is used in the course of the individual's occupation or profession and are also used for personal activities of the owner that do not involve the production of income.

The bill defines "motor vehicle" as a passenger car or light truck as defined by Section 502.001, Transportation Code. The bill states a person who has been granted or applied for an exemption under this section may not apply for another exemption under this section until after the application or exemption has been denied. The bill does not apply to a motor vehicle used to transport passengers for hire.

The bill also amends Section 22.01(k), Tax Code, by stating an individual who has been granted or has applied for an exemption from taxation under Section 11.253 for a motor vehicle the individual owns is not required to render the motor vehicle for taxation.

This bill applies beginning with the tax year that begins January 1, 2007. The bill also entitles a person to an exemption under Section 11.253 in 2007 and may apply for the exemption not later than April 1, 2008. The bill allows a chief appraiser to correct the appraisal roll to reflect an exemption granted for the 2007 tax year. A person who receives an exemption under Section 11.253, Tax Code, is entitled to a refund of the amount of taxes paid on exempt property not later than 30 days after the date the exemption is certified.

### **EFFECTIVE DATE**

The bill takes effect on the date on which the constitutional amendment authorizing the legislature to exempt from ad valorem taxation one motor vehicle owned by an individual and used in the course of the owner's occupation or profession takes effect, if that constitutional amendment is approved by the voters. If the constitutional amendment is not approved, this bill has no effect.

### **COMPARISON OF ORIGINAL TO SUBSTITUTE**

C.S.H.B. 1022 80(R)

The committee substitute deletes “passenger cars” and “light trucks” from the original bill as filed and replaces both with a definition of “motor vehicle.” The committee substitute deletes “one or more” from the bill and replaces it with “one.” The committee substitute also clarifies a person who has been granted or applied for an exemption under the bill may not apply for another exemption until after the application or exemption has been denied. Finally, the committee substitute also clarifies the exemption from ad valorem taxation does not apply to a motor vehicle which is used to transport passengers for hire.