

AN ACT

relating to the collection of motor vehicle sales taxes on seller-financed sales by dealers and the registration of finance companies related to those dealers.

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

SECTION 1. Section 152.047, Tax Code, is amended by adding Subsection (g-1) to read as follows:

(g-1) Subsection (g) does not apply to a transaction by a dealer, as defined by Section 503.001, Transportation Code, in which the dealer:

(1) sells a purchaser's account to a person registered under Section 152.0475 as a related finance company; or

(2) grants a security interest in a purchaser's account but retains custody and control of the account and the right to receive payments in the absence of a default under the security agreement.

SECTION 2. Subchapter C, Chapter 152, Tax Code, is amended by adding Section 152.0475 to read as follows:

Sec. 152.0475. REGISTRATION OF RELATED FINANCE COMPANY.

(a) "Related finance company" means a person in which at least 80 percent of the ownership is identical to the ownership of a dealer, as defined by Section 503.001, Transportation Code.

(b) The comptroller shall establish a registration system for related finance companies under this section.

1        (c) A related finance company may annually register with the  
2 comptroller on a form prescribed by the comptroller. The  
3 comptroller shall make the forms available to the public.

4        (d) The comptroller may charge an annual fee for each  
5 registration. The fee may not exceed \$1,500.

6        (e) The comptroller may adopt rules to implement this  
7 section.

8        SECTION 3. The change in law made by this Act does not  
9 affect taxes imposed before the effective date of this Act, and the  
10 law in effect before the effective date of this Act is continued in  
11 effect for purposes of the liability for and collection of those  
12 taxes.

13        SECTION 4. This Act takes effect July 1, 2007, if it  
14 receives a vote of two-thirds of all the members elected to each  
15 house, as provided by Section 39, Article III, Texas Constitution.  
16 If this Act does not receive the vote necessary for immediate  
17 effect, this Act takes effect September 1, 2007.

S.B. No. 1617

\_\_\_\_\_  
President of the Senate

\_\_\_\_\_  
Speaker of the House

I hereby certify that S.B. No. 1617 passed the Senate on May 2, 2007, by the following vote: Yeas 30, Nays 0.

\_\_\_\_\_  
Secretary of the Senate

I hereby certify that S.B. No. 1617 passed the House on May 10, 2007, by the following vote: Yeas 136, Nays 0, two present not voting.

\_\_\_\_\_  
Chief Clerk of the House

Approved:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Governor