

By: Harris

S.B. No. 1617

A BILL TO BE ENTITLED

1 AN ACT

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

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

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

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

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

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

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

19 Sec. 152.0475. REGISTRATION OF RELATED FINANCE COMPANY.

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

23 (b) The comptroller shall establish a registration system
24 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.