

## **BILL ANALYSIS**

C.S.H.B. 236  
By: Rodriguez  
Ways & Means  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Under current law, drivers and passengers with orthopedic impairments that require vehicle modifications are exempt from paying sales tax on their vehicles. The exemption applies to new car sales and leases. The office of the comptroller of public accounts produces and processes the exemption form. Typically, the dealer removes the sales tax at the point of purchase. However, some dealers refuse to remove the tax and require the purchaser to obtain the exemption as a reimbursement from the comptroller. This results in higher costs for the purchaser because the cost of the sales tax is calculated into the financing of the vehicle.

C.S.H.B. 236 prohibits the seller of a motor vehicle from collecting the sales tax from the purchaser of certain vehicles driven by or used for the transportation of an orthopedically handicapped person.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that rulemaking authority is expressly granted to the comptroller of public accounts in SECTIONS 1 and 2 of this bill.

### **ANALYSIS**

C.S.H.B. 236 amends the Tax Code to prohibit the seller of a motor vehicle from collecting the sales tax from the purchaser of certain vehicles driven by or used for the transportation of an orthopedically handicapped person if the purchaser signs at the time of the purchase an exemption certificate on a form designated by the comptroller of public accounts that contains all information the comptroller considers reasonable to establish qualification for the exemption and presents any other documentation or information the comptroller requires by rule.

C.S.H.B. 236 permits the seller of a motor vehicle to rely on a properly executed and signed exemption certificate and clarifies that the seller does not have a duty to investigate the propriety of an exemption certificate that is valid on the certificate's face. The bill provides that a seller who relied on an exemption certificate is not liable for the payment of motor vehicle sales taxes that would otherwise be due as a result of a motor vehicle sale.

C.S.H.B. 236 requires the comptroller of public accounts, not later than December 1, 2009, to adopt any rules necessary to implement the changes in law made by the bill and to designate the form required for tax exemptions for motor vehicles driven by or used for the transportation of an orthopedically handicapped person and make the form available to motor vehicle dealers and the public.

C.S.H.B. 236 makes its provisions applicable to the sale of a motor vehicle on or after January 1, 2010.

**EFFECTIVE DATE**

September 1, 2009.

**COMPARISON OF ORIGINAL AND SUBSTITUTE**

C.S.H.B. 236 differs from the original by adding the provision permitting the seller of a motor vehicle to rely on a properly executed and signed exemption certificate and clarifying that the seller does not have a duty to investigate the propriety of an exemption certificate that is valid on the certificate's face. The substitute differs from the original by providing that a seller who relied on an exemption certificate is not liable for the payment of motor vehicle sales taxes that would otherwise be due as a result of a motor vehicle sale.