

BILL ANALYSIS

C.S.H.B. 2237
By: Lyne
Transportation
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties contend that it is easy to avoid the state sales and use tax imposed on an off-road vehicle by purchasing the vehicle in a neighboring state. These interested parties assert that, as a result, Texas off-road vehicle dealers face unfair competition and that the state loses considerable amounts of tax revenue. C.S.H.B. 2237 seeks to remedy the situation by making changes relating to the taxation and titling of certain off-road vehicles.

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

C.S.H.B. 2237 amends the Tax Code, in provisions relating to taxes on the sale, rental, and use of motor vehicles, to redefine "motor vehicle" to include an off-road vehicle that is not required to be registered under the Transportation Code and to define "off-road vehicle." The bill exempts from such taxes the sale, use, purchase, or rental of an off-road vehicle for use primarily for farming and ranching or for timber operations and makes conforming changes.

C.S.H.B. 2237 amends the Transportation Code to prohibit a person who purchases, imports, or otherwise acquires an off-road vehicle that is not required to be registered from operating or permitting the operation of the vehicle in Texas, or selling or disposing of the vehicle in Texas, until the person obtains a certificate of title for the vehicle. The bill makes this prohibition inapplicable to an off-road vehicle that is exempt from motor vehicle sales and use taxes under Tax Code provisions relating to farm or timber use or an off-road vehicle acquired and sold or disposed of by a lienholder exercising a statutory or contractual lien right with regard to the vehicle, except that the prohibition does apply to the purchaser of that vehicle.

EFFECTIVE DATE

September 1, 2011.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 2237 differs from the original, in a provision of the bill defining "off-road vehicle," by specifying that the definition includes a vehicle designed by the manufacturer primarily for farming, whereas the original does not make this specification.

C.S.H.B. 2237 contains a provision not included in the original making the provision of the bill requiring a certificate of title for an off-road vehicle under certain circumstances inapplicable to an off-road vehicle acquired and sold or disposed of by a lienholder exercising a statutory or contractual lien right with regard to the vehicle, except that the provision is applicable to the purchaser of that vehicle.