

BILL ANALYSIS

C.S.H.B. 315
By: Otto
Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

A primary feature of the current administration of the vehicle inventory tax is that large volume motor vehicle dealers with few locations are allowed to pay their property taxes monthly, as they sell their vehicles, instead of once per year. However, some retailers primarily sell tangible personal property and few vehicles. Interested parties assert that such retailers are saddled with the administrative burden of filing reports each month, often with a payment as small as \$5 accompanying each monthly remittance, and that this also imposes a burden on the local jurisdictions that must process these numerous reports. C.S.H.B. 315 seeks to address this issue by making changes relating to the applicability of the law governing the property taxation of a dealer's motor vehicle inventory by specifying that the definition of "dealer" for purposes of those provisions does not include certain specified dealers.

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. 315 amends the Tax Code to establish that the term "dealer," for the purpose of appraising a dealer's motor vehicle inventory for the property tax, does not include a dealer who meets the following requirements:

- the dealer does not sell self-propelled vehicles designed to transport persons or property on a public highway;
- either the dealer's total annual sales from the dealer's motor vehicle inventory, less sales to dealers, fleet transactions, and subsequent sales, for the 12-month period corresponding to the preceding tax year are 25 percent or less of the dealer's total revenue from all sources during that period or the dealer did not sell a motor vehicle to a person other than another dealer during the 12-month period corresponding to the preceding tax year and the dealer estimates that the dealer's total annual sales from the dealer's motor vehicle inventory, less sales to dealers, fleet transactions, and subsequent sales, for the 12-month period corresponding to the current tax year will be 25 percent or less of the dealer's total revenue from all sources during that period;
- not later than August 31 of the preceding tax year, the dealer filed with the chief appraiser a declaration on a form prescribed by the comptroller of public accounts stating that the dealer elected not to be treated as a dealer for purposes of appraising the dealer's motor vehicle inventory for the property tax in the current tax year; and
- the dealer renders the dealer's motor vehicle inventory in the current tax year by filing a rendition with the chief appraiser in the manner prescribed by law.

EFFECTIVE DATE

January 1, 2014.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 315 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and highlighted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Section 23.121, Tax Code, is amended by adding Subsections (f-1) and (f-2) to read as follows:

SECTION 1. Section 23.121(a)(3), Tax Code, is amended to read as follows:

(f-1) A dealer may elect to have the dealer's motor vehicle inventory appraised in the manner provided by Section 23.12, including Subsection (f) of that section, rather than this section if:

(3) "Dealer" means a person who holds a dealer's general distinguishing number issued by the Texas Department of Motor Vehicles under the authority of Chapter 503, Transportation Code, or who is legally recognized as a motor vehicle dealer pursuant to the law of another state and who complies with the terms of Section 152.063(f). The term does not include:

(A) a person who holds a manufacturer's license issued under Chapter 2301, Occupations Code;

(B) an entity that is owned or controlled by a person who holds a manufacturer's license issued under Chapter 2301, Occupations Code; ~~or~~

(C) a dealer whose general distinguishing number issued by the Texas Department of Motor Vehicles under the authority of Chapter 503, Transportation Code, prohibits the dealer from selling a vehicle to any person except a dealer; or

(D) a dealer who:

(i) does not sell motor vehicles described by Section 152.001(3)(A);

(ii) meets either of the following requirements:

(1) the total annual sales from the dealer's motor vehicle inventory, less sales to dealers, fleet transactions, and subsequent sales, for the 12-month period corresponding to the preceding tax year are 25 percent or less of the dealer's total revenue from all sources during that period;
or

(a) the total annual sales from the dealer's motor vehicle inventory, less sales to dealers, fleet transactions, and subsequent sales, for the 12-month period corresponding to the preceding tax year are 25 percent or less of the dealer's total revenue from all sources during that period;
or

(2) the dealer did not sell a motor vehicle to a person other than another dealer during the 12-month period corresponding to the preceding tax year and the dealer estimates that the dealer's total annual sales from the

(b) the dealer did not sell a motor vehicle to a person other than another dealer during the 12-month period corresponding to the preceding tax year and the dealer estimates that the dealer's total annual sales from the

dealer's motor vehicle inventory, less sales to dealers, fleet transactions, and subsequent sales, for the 12-month period corresponding to the current tax year will be 25 percent or less of the dealer's total revenue from all sources during that period.

dealer's motor vehicle inventory, less sales to dealers, fleet transactions, and subsequent sales, for the 12-month period corresponding to the current tax year will be 25 percent or less of the dealer's total revenue from all sources during that period;
(iii) not later than August 31 of the preceding tax year, filed with the chief appraiser a declaration on a form prescribed by the comptroller stating that the dealer elected not to be treated as a dealer under this section in the current tax year; and
(iv) renders the dealer's motor vehicle inventory in the current tax year by filing a rendition with the chief appraiser in the manner provided by Chapter 22.

(f-2) The Dealer's Motor Vehicle Inventory Declaration form promulgated by the comptroller under Subsection (f) must permit a dealer to make the election described by Subsection (f-1). The election must be made annually. A dealer who makes the election is not subject to Section 23.122 for the tax year for which the election is made.

SECTION 2. This Act applies only to the ad valorem taxation of a dealer's motor vehicle inventory for a tax year beginning on or after the effective date of this Act.

SECTION 2. Same as introduced version.

SECTION 3. This Act takes effect January 1, 2014.

SECTION 3. Same as introduced version.