

By: Martinez

H.B. No. 3443

A BILL TO BE ENTITLED

AN ACT

relating to imposing a local tax on the sale or lease of a new luxury motor vehicle in certain areas.

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

SECTION 1. Subtitle C, Title 3, Tax Code, is amended by adding Chapter 328 to read as follows:

CHAPTER 328. TAX ON SALE OR LEASE OF NEW LUXURY MOTOR VEHICLE IN CERTAIN AREAS

Sec. 328.001. DEFINITIONS. (a) In this chapter:

(1) "Dealership" has the meaning assigned by Section 2301.002, Occupations Code.

(2) "Gross sale or lease price" means:

(A) the price at which a new luxury motor vehicle and any accessories attached on or before sale is offered for sale, before any discount or trade-in; and

(B) the total amount to be paid under a lease agreement for a new luxury motor vehicle, before any discount or trade-in.

(3) "Lease" means an agreement, other than a rental, by a franchised dealer to give for longer than 180 days exclusive use of a new luxury motor vehicle to another for consideration.

(4) "Lower Rio Grande Valley" means the region included in the Lower Rio Grande Valley Development Council.

(5) "New luxury motor vehicle" means a new motor

1 vehicle that has a gross sale or lease price of at least \$60,000.

2 (b) Except to the extent of conflict, words used in this
3 chapter and defined by Chapter 152 have the meanings assigned by
4 Chapter 152.

5 Sec. 328.002. TAX IMPOSED; RATE. (a) A tax is imposed on
6 each retail sale or lease of a new luxury motor vehicle by a
7 franchised dealer at a dealership in the Lower Rio Grande Valley.

8 (b) The rate of the tax is 0.2 percent of the gross sale or
9 lease price of the new luxury motor vehicle.

10 Sec. 328.003. APPLICABILITY OF TAX. (a) The tax authorized
11 by this chapter on the sale of a new luxury motor vehicle does not
12 apply to the sale of a new luxury motor vehicle unless the state tax
13 imposed under Chapter 152 also applies.

14 (b) The tax authorized by this chapter on the lease of a new
15 luxury motor vehicle applies to the lease of a new luxury motor
16 vehicle in each situation in which the transaction is not
17 considered a sale for purposes of the imposition of the state tax
18 under Chapter 152.

19 (c) The exemptions provided by Subchapter E, Chapter 152,
20 apply to the tax imposed under this chapter.

21 Sec. 328.004. COLLECTION OF TAX. (a) Each franchised
22 dealer that sells or leases a new luxury motor vehicle at a
23 dealership in the Lower Rio Grande Valley shall collect the tax for
24 the benefit of the municipality or county in which the dealership is
25 located.

26 (b) If the dealership at which the sale or lease occurred is
27 located in a municipality, the franchised dealer shall remit the

1 tax to that municipality as provided by that municipality. If the
2 dealership at which the sale or lease occurred is not located in a
3 municipality, the franchised dealer shall remit the tax to the
4 county in which the dealership is located as provided by that
5 county.

6 (c) The franchised dealer shall add the tax imposed by this
7 chapter and any tax imposed under Chapter 152 to the sale or lease
8 price, and when the taxes are added the total amount is a debt owed
9 to the franchised dealer by the purchaser or lessee until paid. If
10 the total amount is not paid, the unpaid amount is recoverable at
11 law in the same manner the original sale or lease price may be
12 recovered.

13 (d) A municipality or county to which a franchised dealer is
14 required to remit taxes under this chapter shall by ordinance or
15 order prescribe recordkeeping, reporting, and payment requirements
16 and penalties, including interest charges, for failure to keep
17 records required by the municipality or county, to report when
18 required, or to pay the tax when due. The attorney acting for the
19 municipality or county may bring suit against a franchised dealer
20 who fails to collect a tax under this chapter and to pay it over to
21 the municipality or county as required.

22 (e) A municipality by ordinance or a county by order may
23 permit a franchised dealer who is required to collect a tax under
24 this chapter to retain a percentage of the amount collected and
25 required to be reported as reimbursement to the franchised dealer
26 for the costs of collecting the tax. The municipality or county may
27 provide that the franchised dealer may retain the amount only if the

1 person pays the tax and files reports as required by the
2 municipality or county.

3 Sec. 328.005. USE OF REVENUE. A municipality or county may
4 use revenue from the tax imposed under this chapter only to
5 construct or maintain public roadways.

6 SECTION 2. As soon as possible after the effective date of
7 this Act, but not later than December 31, 2017, each municipality
8 and county to which a franchised dealer will be required to remit
9 taxes under Section 328.004(b), Tax Code, as added by this Act,
10 shall adopt any ordinances or orders necessary to govern the
11 collection and enforcement of the tax imposed under Chapter 328,
12 Tax Code, as added by this Act.

13 SECTION 3. This Act applies only to a sale or lease of a new
14 luxury motor vehicle in the Lower Rio Grande Valley on or after
15 January 1, 2018. A sale or lease that occurs before that date is
16 governed by the law in effect on the date the sale or lease
17 occurred, and that law is continued in effect for that purpose.

18 SECTION 4. This Act takes effect immediately if it receives
19 a vote of two-thirds of all the members elected to each house, as
20 provided by Section 39, Article III, Texas Constitution. If this
21 Act does not receive the vote necessary for immediate effect, this
22 Act takes effect September 1, 2017.