By: Shaheen H.B. No. 1035

A BILL TO BE ENTITLED

AN ACT

relating to the exemption of certain motor vehicle sales, gifts, and exchanges from motor vehicle sales and use taxes.

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

SECTION 1. Sections 152.001(1) and (2), Tax Code, are amended to read as follows:

(1) "Sale":

(A) includes:

(i) [~~(A)~~] an installment and credit sale;

(ii) [~~(B)~~] an exchange of property for property or money, other than an exchange described by Paragraph (B)(i);

(iii) [~~(C)~~] an exchange in which property is transferred but the seller retains title as security for payment of the purchase price;

(iv) [~~(D)~~] a transaction in which a motor vehicle is transferred to another person without payment of consideration, other than a transaction described by Paragraph (B)(ii) [~~and that does not qualify as a gift under Section 152.025~~]; and

(v) [~~(E)~~] any other closed transaction that constitutes a sale; and

(B) does not include:

(i) the even exchange of two motor

vehicles; and

(ii) the gift of a motor vehicle.

(2) "Retail sale" means a sale of a motor vehicle except:

(A) the sale of a new motor vehicle in which the purchaser is a franchised dealer who is authorized by law and by franchise agreement to offer the vehicle for sale as a new motor vehicle and who acquires the vehicle either for the exclusive purpose of sale in the manner provided by law or for purposes allowed under Chapter 503, Transportation Code;

(B) the sale of a vehicle other than a new motor vehicle in which the purchaser is a dealer who holds a dealer's general distinguishing number issued under Chapter 503, Transportation Code, and who acquires the vehicle either for the exclusive purpose of resale in the manner provided by law or for purposes allowed under Chapter 503, Transportation Code;

(C) the sale to a franchised dealer of a new motor vehicle removed from the franchised dealer's inventory for the purpose of entering into a contract to lease the vehicle to another person if, immediately after executing the lease contract, the franchised dealer transfers title of the vehicle and assigns the lease contract to the lessor of the vehicle; [~~or~~]

(D) the sale of a new motor vehicle in which the purchaser is a manufacturer or distributor as those terms are defined by Section 2301.002, Occupations Code, who acquires the motor vehicle either for the exclusive purpose of sale in the manner provided by law or for purposes allowed under Section 503.064,

Transportation Code; or

(E) the sale of a used motor vehicle from one individual to another individual, provided that the sale takes place in this state and the seller is not acting as a motor vehicle dealer under Subchapter B, Chapter 503, Transportation Code, in relation to the sale.

SECTION 2. Section 152.041(a), Tax Code, is amended to read as follows:

(a) The tax assessor-collector of the county in which an application for registration or for a Texas certificate of title is made shall collect taxes imposed by this chapter[~~, subject to Section 152.0412,~~] unless another person is required by this chapter to collect the taxes.

SECTION 3. Sections 152.062(b) and (c), Tax Code, are amended to read as follows:

(b) The statement must be [~~in the following form:~~

[~~(1) if a motor vehicle is sold, the seller and purchaser shall make~~] a joint statement by the seller and purchaser of the then value in dollars of the total consideration for the vehicle[~~;~~

[~~(2) if the ownership of a motor vehicle is transferred as the result of an even exchange, the principal parties shall make a joint statement describing the nature of the transaction; or~~

[~~(3) if the ownership of a motor vehicle is transferred as the result of a gift, the principal parties shall make a joint statement describing the nature of the transaction and~~

~~the relationship between the principal parties~~].

(c) If a party to a sale[~~, even exchange, or gift~~] is a corporation, the president, vice-president, secretary, manager, or other authorized officer of the corporation shall make the statement for the corporation.

SECTION 4. The following provisions of the Tax Code are repealed:

(1) Section 152.002(f);

(2) Section 152.024;

(3) Section 152.025;

(4) Section 152.0412;

(5) Sections 152.062(b-1) and (b-2); and

(6) Section 152.1222.

SECTION 5. The changes in law made by this Act do not affect tax liability accruing before the effective date of this Act. That liability continues in effect as if this Act had not been enacted, and the former law is continued in effect for the collection of taxes due and for civil and criminal enforcement of the liability for those taxes.

SECTION 6. This Act takes effect September 1, 2027.