

SUBJECT: Adjusting tax exemption for motor vehicles used for religious purposes

COMMITTEE: Ways and Means — committee substitute recommended

VOTE: 10 ayes — Burrows, Guillen, Bohac, Cole, Martinez Fischer, Murphy, Noble, Sanford, Shaheen, Wray

0 nays

1 absent — E. Rodriguez

WITNESSES: For — (*Registered, but did not testify*: Kathryn Freeman, Texas Baptist Christian Life Commission; Jennifer Allmon, Texas Catholic Conference of Bishops)

Against — (*Registered, but did not testify*: Arthur Simon)

On — (*Registered, but did not testify*: Karey Barton and Lavonne Key, Texas Comptroller of Public Accounts)

BACKGROUND: Tax Code ch. 152 creates a tax exemption on the sale, use, or rental of motor vehicles used for religious purposes. To qualify as a motor vehicles used for religious purposes, a vehicle must:

- be designed to carry more than six passengers;
- be sold to, rented to, or used by a church or religious society;
- be used primarily by a church or religious society; and
- not be registered as a passenger vehicle or used primarily for the personal or official needs or duties of a minister.

DIGEST: CSHB 2338 would remove certain criteria for determining whether a motor vehicle used for religious purposes qualified for a tax exemption. Requirements that the motor vehicle be designed to carry more than six passengers and not be registered as a passenger vehicle would be eliminated.

The bill would take effect September 1, 2019, and would not affect tax liability accruing before the effective date.

**SUPPORTERS
SAY:**

CSHB 2338 would eliminate certain criteria for determining whether a vehicle used for religious purposes qualified for a tax exemption, simplifying the determination process. The bill also would remove unclear language in statute that presents a barrier to claiming the exemption.

Existing eligibility requirements for the passenger capacity and registration type of a vehicle qualifying for a religious use tax exemption are too restrictive. By eliminating these requirements, the bill would make smaller vehicles eligible for the exemption, benefiting churches or religious societies that already use these types of vehicles.

Because of confusion about the language of current statute, compliance and enforcement of some criteria for the religious-use motor vehicle tax exemption is inconsistent. Some religious organizations already claim and receive tax exemptions for vehicles that may not be eligible for an exemption. By clarifying current statute, the bill would bring religious organizations into compliance and make it easier for automobile dealers, tax assessor-collectors, and the comptroller's office to make determinations on eligibility for the exemption.

CSHB 2338 would not add a new tax exemption for motor vehicles used for religious purposes, nor would it expand the types of organizations eligible for an exemption. Rather, it would clarify the definition associated with the existing exemption.

**OPPONENTS
SAY:**

CSHB 2338 would extend tax exemptions for churches and religious societies, who already benefit from too many exemptions. Religious organizations should be taxed like other organizations to help meet the costs of public works and services.