

**CITY OF EL PASO, TEXAS
AGENDA ITEM
DEPARTMENT HEAD'S SUMMARY FORM**

DEPARTMENT: Tax Department

AGENDA DATE: September 17, 2019

CONTACT PERSON NAME AND PHONE NUMBER: Maria Pasillas, Tax Assessor Collector, 212-1737

DISTRICT(S) AFFECTED: All

SUBJECT:

APPROVE a resolution / ordinance / lease to do what? OR AUTHORIZE the City Manager to do what? Be descriptive of what we want Council to approve. Include \$ amount if applicable.

An Ordinance amending 4(b) of Ordinance no. 14978 providing for the taxation of motor vehicles leased for personal use to amend the definition of a motor vehicle presumed to be used primarily for activities that do not involve the production of income.

BACKGROUND / DISCUSSION:

Discussion of the what, why, where, when, and how to enable Council to have reasonably complete description of the contemplated action. This should include attachment of bid tabulation, or ordinance or resolution if appropriate. What are the benefits to the City of this action? What are the citizen concerns?

Section 4(b) of Ordinance 14978 is amended to read as follows:

4.(b) A motor vehicle is presumed to be used primarily for activities that do not involve the production of income, if:

- (1) 50 percent or more of the miles the motor vehicle is driven in a year are for non-income producing purposes;
- (2) The motor vehicle is leased to this state or a political subdivision of this state; or
- (3) The motor vehicle:
 - A. Is leased to an organization that is exempt from federal income taxation under Section 501(a), Internal Revenue Code of 1986, as an organization described by Section 501(c)(3) of that code; and
 - B. Would be exempt from taxation if the vehicle were owned by the organization.

PRIOR COUNCIL ACTION:

Has the Council previously considered this item or a closely related one?

On November 20, 2001, the City Council adopted Ordinance 14978 ("Ordinance 14978") providing for the taxation of motor vehicles leased for personal use pursuant to Section 11.252 of the Tax Code.

AMOUNT AND SOURCE OF FUNDING:

How will this item be funded? Has the item been budgeted? If so, identify funding source by account numbers and description of account. Does it require a budget transfer?

N/A

BOARD / COMMISSION ACTION:

Enter appropriate comments or N/A

N/A

*****REQUIRED AUTHORIZATION*****

DEPARTMENT HEAD:

Maria O. Pasillas

(If Department Head Summary Form is initiated by Purchasing, client department should sign also)

ORDINANCE NO. _____

AN ORDINANCE AMENDING 4(b) OF ORDINANCE NO. 14978 PROVIDING FOR THE TAXATION OF MOTOR VEHICLES LEASED FOR PERSONAL USE TO AMEND THE DEFINITION OF A MOTOR VEHICLE PRESUMED TO BE USED PRIMARILY FOR ACTIVITIES THAT DO NOT INVOLVE THE PRODUCTION OF INCOME.

WHEREAS, on November 20, 2001, the City Council adopted Ordinance 14978 ("Ordinance 14978") providing for the taxation of motor vehicles leased for personal use pursuant to Section 11.252 of the Tax Code

WHEREAS, Section 11.252 of the Tax Code entitles an owner of a motor vehicle that is subject to a lease to an exemption from taxation if the lessee does not hold the vehicle for the production of income and the vehicle is used primarily for activities that do not involve the production of income.

WHEREAS, the 86th Texas Legislature amended the language of Section 11.252 of the Tax Code to amend the definition of a motor vehicle that is presumed to be used primarily for activities that do not involve the production of income.

WHEREAS, the changes in the law applies only to ad valorem taxes imposed for tax year beginning or after September 1, 2019; and

WHEREAS, the City desires to amend the ordinance in accordance with the Texas Tax Code to reflect the changes pursuant to Legislative changes.

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF EL PASO:

1. Section 4(b) of Ordinance 14978 is amended to read as follows:

4. (b) A motor vehicle is presumed to be used primarily for activities that do not involve the production of income, if:

- (1) 50 percent or more of the miles the motor vehicle is driven in a year are for non-income producing purposes;
- (2) the motor vehicle is leased to this state or a political subdivision of this state; or
- (3) The motor vehicle:
 - A. is leased to an organization that is exempt from federal income taxation under Section 501(a), Internal Revenue Code of 1986, as an organization described by Section 501(c)(3) of that code; and
 - B. would be exempt from taxation if the vehicle were owned by the organization.

2. Except as amended herein Ordinance 14978 remains in full force and effect.

ADOPTED this _____ day of _____, 2019.


THE CITY OF EL PASO:

Dee Margo, Mayor

ATTEST:


Laura D. Prine, City Clerk

APPROVED AS TO FORM:



Sol M. Cortez
Senior Assistant City Attorney

APPROVED AS TO CONTENT:



Maria O. Pasillas,
Tax Assessor-Collector