



Chapter 334 Texas Local Government Code Chapter 119 – Short Term Motor Vehicle Rental Tax

Definition

“**Gross Rental Receipts**” means the value promised or received as consideration to the owner of a motor vehicle for the rental of the motor vehicle, but does not include:

1. separately stated charges for insurance;
2. charges for damages to the motor vehicle occurring during the rental agreement period;
3. separately stated charges for motor fuel sold by the owner of the motor vehicle; or
4. discounts.

“**Motor Vehicle**” means a self-propelled vehicle designed principally to transport persons or property on a public roadway and includes a passenger car, van, station wagon, sports utility vehicle, and truck. The term does not include:

1. a trailer, semitrailer, house trailer, truck having a manufacturer’s rating of more than one-half ton, or road-building machine;
2. a device moved only by human power;
3. a device used exclusively on stationary rails or tracks;
4. a farm machine; or
5. a mobile office.

“**Motor Vehicle Tax Venue Project Fund**” means the account established by the City of Corinth by resolution for the deposit of the tax revenue collected under this chapter.

“**Owner of a Motor Vehicle**” means a person who:

1. a person named in the certificate of title as the owner of the vehicle; or
2. a person who has the exclusive use of a motor vehicle by reason of a rental and hold the vehicle for re-rental.

“**Place of Business of the Owner**” means an established outlet, office, or location operated by the owner of a motor vehicle or the owner’s agent or employee for the purpose of renting motor vehicle and includes any location at which three or more rental are made during a year.

“**Rental**” means an agreement by the owner of a motor vehicle to authorize for not longer than 30 days the exclusive use of that vehicle to another for consideration.

Tax Imposed

- A. The City of Corinth imposed a five percent (5%) on the gross rental receipts from the rental of a motor vehicle, on all motor vehicle rentals within Corinth city limits occurring on or after July 1, 2021.

Collection of Tax

- A. The owner of a motor vehicle subject to the tax imposed under this chapter shall collect the tax for the benefit of the city. As provided in Chapter 334 of the Local Government Code, the owner shall add the short-term motor vehicle rental tax imposed by this chapter to the rental charge.
- B. The amount of the total tax is computed by multiplying the five percent tax rate by the amount of the rental charge. If the product results in a fraction of a cent less than one-half of one cent, the fraction of a cent is not collected, if the fraction of a cent is one-half of one cent or more, the fraction shall be collected as one cent.
- C. Please note that the city attorney may bring suit against a person who fails to collect a tax under chapter 119 and to pay it over to the city or its designee as required.

Penalties and Interest for Late Fee



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- A. Any owner of a motor vehicle required to collect the tax imposed by this chapter who fails to file a report as required by chapter 119 or who fails to pay a tax imposed when due forfeits five percent (5%) of the amount due as a penalty, and if such person fails to file the report or pay the tax within thirty (30) days after the day on which the tax or report is due, the person forfeits an additional five percent (5%).
- B. A delinquent tax draws interest at the rate of twelve percent (12%) per annum beginning sixty (60) days from the due date.

Use of Proceeds

- A. All revenues derived from this tax will be deposited in the short motor vehicle rental venue project fund. Resources in this fund may be used only for the purposes specified in, and in accordance with, chapter 334 of the Texas Local Government Code, as amended.

Report and Remittance

- A. On the fifteenth day of the month following each month in which a tax is required to be collected under this chapter, every owner of a motor vehicle required to collect the tax shall pay the tax due on all rentals in the preceding month to the city.
- B. Every owner of a motor vehicle collecting a tax may deduct a one percent collection fee from the gross amount of tax collected on all rentals in the preceding month if the tax is paid to and received by the city manager no later than the fifteenth day of the month following the month in which the taxes are required to be collected. If the fifteenth day falls on a weekend or holiday, the city manager or designee must receive the tax by the next business day. If the tax is paid by mail, the date of receipt by the city manager or designee is the date postmarked by the United States Postal Service.

Consummation of Rental

- A. A rental of a motor vehicle occurs where transfer of possession of the motor vehicle occurs.

Record Requirements

- A. The owner of a motor vehicle used for rental purposes is required to keep records and supporting documents for four years. These records should contain the gross rental receipts received from the rental of the motor vehicle. The records should also contain the tax that has been previously paid to the City of Corinth.
- B. Mileage records are not required.
- C. Failure to keep records is a misdemeanor and punishable by a fine of not less than \$25.00 or more than \$500.00.