



MOTOR VEHICLES LEASED FOR USE OTHER THAN PRODUCTION OF INCOME

Please read Property Tax Code Section 11.252 for all details on this legislation.

The Texas Legislature has passed an exemption of leased vehicles primarily used for non-business /personal purposes. All personal use vehicles are exempt from county and school taxes. However, each municipality (city) reserves the right to levy and assess ad valorem taxes on leased motor vehicles. The exemption applies to:

- Leases entered into after January 1, 2001.
- Vehicles where 50% or more of miles driven in a year are for non-income producing purposes.
- Lessee must sign a form stating lessee name, address, driver's license number, and certify under oath that the vehicle is not used primarily for the production of income.

The lessor is required to maintain the lessee's affidavit. The lessor is also required to render all of the assets the lessor owns on January 1 and indicate whether the lessee has designated the vehicle as not held for the production of income. By indicating whether or not the vehicle is held for the production of income, the lessor is applying for the exemption. This exemption must be filed by April 30.

The following cities have chosen to tax personal use leased autos:

Addison
Carrollton
Cedar Hill
DeSoto
Garland
Lancaster
Mesquite
Richardson

The Lessee's Affidavit of Personal Use of a Leased Vehicle can be found at the following website: <https://comptroller.texas.gov/forms/50-285.pdf>.