



## City of Arlington – Code of Ordinances Taxation – Article VII Short-Term Motor Vehicle Rental Tax

### **Section 7.01 Definitions**

In this article:

“**Act**” means Chapter 334, Local Government Code, as amended.

“**Approved Venue Projects**” means (i) the Dallas Cowboys Complex Development Project (the “Cowboys Project”) that was approved by a majority of the voters voting at an election held in the City on November 2, 2004, in accordance with the Act, and (ii) the Texas Rangers Complex Development Project (the “Rangers Project”) that was approved by a majority of the voters voting at an election held in the City on November 8, 2016, in accordance with the Act.

“**City**” means the City of Arlington, Texas.

“**Director**” means the Director of the department designated by the City Manager to enforce and administer this article, or the Director’s designated representative.

“**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.

“**Mobile Office**” means a trailer designed to be used as an office, sales outlet, or other workplace.

“**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.

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

1. is named in the certificate of title as the owner of a motor vehicle; or
2. has the exclusive use of a motor vehicle for the purpose of renting it to another person.

“**Person**” means any individual, partnership, trust, company, corporation, association, or other entity.

“**Project Fund**” means the “Venue Project Fund” created pursuant to the Resolution.

“**Rental**” means an oral or written agreement by the owner of a motor vehicle that authorizes for not longer than 30 days the exclusive use of that motor vehicle to another person for consideration, where the transfer of possession of the motor vehicle occurs within the corporate limits of the City.

“**Resolution**” means the resolution adopted by the City Council establishing the Project Fund.



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#### **Section 7.02 Tax Imposed**

- A. There is hereby levied and imposed a tax at the rate of five percent (5%) on the gross rental receipts from the rental of a motor vehicle, except that the same exemptions provided in Chapter 152, Subchapter E, of the Texas Tax Code apply to the tax imposed under this section.
- B. The tax imposed under this section must be collected on every rental occurring on or after April 1, 2005 and must continue to be collected for so long as any bonds or other obligations that are issued by the City under Section 334.043 of the Act for the purpose of financing a portion of the costs of the Approved Venue Projects, and any bonds refunding or refinancing those bonds or other obligations, are outstanding and unpaid.

#### **Section 7.03 Collection of Tax**

- A. Every owner of a motor vehicle who enters into a rental of a motor vehicle with any other person shall collect the tax imposed by this article on behalf of the City.
- B. The owner of a motor vehicle subject to the tax imposed by this article shall add the tax to the rental charge.
- C. Each bill or other receipt for a rental subject to the tax imposed by this article must contain a statement in a conspicuous location stating “The City of Arlington requires that an additional tax of five percent (5%) be imposed on each motor vehicle rental for the purpose of financing a portion of the costs of the Cowboys Project approved by the voters of the City on November 2, 2004, and the Rangers Project approved by the voters of the City on November 8, 2016.”
- D. An attorney acting on behalf of the City may bring suit against any person who fails to collect the tax imposed by this article and to pay it over to the Director as required by this article.

#### **Section 7.04 Reports; Payment to the City; Fees; Records**

- A. On the 15th day of the month following each month in which a tax is required to be collected under this article, the owner of a motor vehicle required to collect the tax shall file a report with the Director showing:
1. the consideration paid for all rentals in the preceding month;
  2. the amount of the tax collected on the rentals; and
  3. any other information the Director may reasonably require.
- B. Every owner of a motor vehicle required by this article to collect the tax shall pay the tax due on all rentals in the preceding month to the Director at the time of filing the report required under Subsection (A) of this section.
- C. Every owner of a motor vehicle collecting a tax under this article may deduct a one percent (1%) 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 Director no later than the 15th day of the month following the month in which the taxes are required to be collected. If the 15th day falls on a weekend or holiday, the Director must receive the tax by the next business day. If the tax is paid by mail, the date of receipt by the Director is the date postmarked by the U.S. Postal Service.
- D. The owner of a motor vehicle used for rental purposes shall keep for four (4) years records and supporting documents (except that mileage records are not required) containing the following information:
1. the amount of gross rental receipts received from the rental of the motor vehicle; and
  2. the amount of tax imposed under this article and paid to the City on each motor vehicle used for rental purposes by the owner.

#### **Section 7.05 Collection Procedures on Purchase of a Motor Vehicle Rental Business**

- A. If the owner of a motor vehicle rental business that makes rentals subject to the tax imposed under this article sells the business, the successor to the seller or the seller’s assignee shall withhold an amount of the purchase price sufficient to pay the amount of tax due until the seller provides a receipt from the Director showing that the amount has been paid or a certificate showing that no amount is due.
- B. The purchaser of a motor vehicle rental business who fails to withhold an amount of the purchase price as required by this section is liable for the amount required to be withheld to the extent of the value of the purchase price.



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C. The purchaser of a motor vehicle rental business may request that the Director issue a certificate stating that no tax is due or issue a statement of the amount required to be paid before a certificate may be issued. The Director shall issue the certificate or statement not later than 60 days after receiving the request.

D. If the Director fails to issue the certificate or statement within the period provided by Subsection (C) of this section, the purchaser is released from the obligation to withhold the purchase price or pay the amount due.

#### **Section 7.06 Use of Revenue Derived from Imposition of Tax**

The revenue derived from the tax imposed under this article must be deposited in a separate and distinct account of the Project Fund. Money in this account may be used only for the purposes specified in the Resolution.

#### **Section 7.07 Rules and Regulations**

The Director shall have the power to make any rules and regulations necessary to effectively collect the tax. The Director shall, upon giving reasonable notice, have access to all books and

records necessary to enable the Director to determine the correctness of any report filed as required by this article and the amount of taxes due under this article.

#### **Section 7.08 Penalties**

- A. An owner of a motor vehicle commits an offense if that person:
1. fails to collect the tax imposed by this article;
  2. fails to file a report as required by this article;
  3. fails to pay the Director the tax when payment is due;
  4. files a false report;
  5. fails to make and retain complete records as required by Section 7.04(D) of this article; or
  6. fails to comply with Section 7.05(A) when purchasing a motor vehicle rental business.
- B. An offense committed under Subsection (A) of this section is punishable by a fine not to exceed \$500, except that an offense committed under Subsection (A)(5) of this section is punishable by a fine of not less than \$25 or more than \$500.
- C. In addition to any criminal penalties imposed under Subsection (B) of this section, the owner of a motor vehicle failing to pay the tax to the Director by the last day of the month following the month in which the tax is required by this article to be collected shall pay an amount equal to five percent (5%) of the tax due as a penalty. An additional penalty equal to five percent (5%) of the tax due must be paid 30 days later if the tax is still not paid. The penalties provided by this subsection may never be less than \$5. Delinquent taxes draw interest at the rate of six percent (6%) per year beginning 60 days after the date the tax is due to the Director.

#### **Section 7.09 Enforcement**

The Director, or his/her designee, shall enforce the terms and conditions of this Chapter when violations occur.