

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION**

**March 29, 2005**

**TO:** Honorable Fred Hill, Chair, House Committee on Local Government Ways & Means

**FROM:** John S. O'Brien, Deputy Director, Legislative Budget Board

**IN RE: HB2392** by Hill (Relating to the property tax situs and rendition requirements for motor vehicles located at a place of business of a wholesale motor vehicle auction.), **As Introduced**

Taxing units that currently tax motor vehicles after an appraisal district determination that those vehicles have taxable situs in the taxing unit could experience a loss of revenue as a result of passage of the bill.

The bill would amend the tax situs and rendition requirements for wholesale motor vehicle auction dealers.

The bill would provide that a motor vehicle held by qualified motor vehicle auction dealers on January 1 would not have taxable situs, if the vehicle had been located at the dealer's place of business for less than 60 days and is offered for resale.

The bill would waive reporting requirements by a bailee, lessee, or other possessor of personal property to the chief appraiser for a person holding a qualified wholesale motor vehicle auction if the vehicle: 1) had not acquired taxable situs; 2) was offered for sale by a licensed dealer whose vehicle inventory was subject to the special appraisal provisions in Chapter 23; or 3) was collateral possessed by a lienholder and offered for sale in foreclosure of a security interest.

Taxing units that currently tax motor vehicles after an appraisal district determination that those vehicles have taxable situs in the taxing unit could experience a loss of revenue as a result of passage of the bill. Section 403.302 of the Government Code requires the Comptroller to conduct a property value study to determine the total taxable value for each school district. Total taxable value is an element in the state's school funding formula. Passage of this bill could reduce school district taxable values reported to the Commissioner of Education by the Comptroller.

**Local Government Impact**

Taxing units that currently tax motor vehicles after an appraisal district determination that those vehicles have taxable situs in the taxing unit could experience a loss of revenue as a result of passage of the bill.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** JOB, SD, WP, DLBe