

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

March 21, 2005

TO: Honorable Todd Staples, Chair, Senate Committee on Transportation & Homeland Security

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

IN RE: SB867 by Staples (Relating to the application of the motor vehicle sales tax emissions reduction surcharge on certain recreational vehicles.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB867, As Introduced: an impact of \$0 through the biennium ending August 31, 2007.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2006	\$0
2007	\$0
2008	\$0
2009	\$0
2010	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>TEXAS EMISSIONS REDUCTION</i> <i>PLAN</i> 5071
2006	(\$528,000)
2007	(\$543,000)
2008	(\$553,000)
2009	(\$47,000)
2010	\$0

Fiscal Analysis

The bill would exempt certain recreational vehicles not held or used for the production of income from the motor vehicle sales tax emissions reduction surcharge imposed on every retail sale, lease, or use of every on-road diesel motor vehicle that is over 14,000 pounds and that is sold, leased, or used in this state.

The bill would apply only to taxes imposed on or after the effective date of the bill. The bill would take effect September 1, 2005.

Methodology

It is estimated that Texas accounts for approximately 7.2 percent of new U.S. motor home sales annually, or about 1,670 new class A units. A sample of Texas listings for sale of class A motor homes, model years 1997 through 2005, indicated an average price of approximately \$218,400 for

model year 2005 and \$146,500 for model years 1997 through 2004. A sample of Texas listings for sale of class A motor homes for all model years through 1996 indicated an average price of approximately \$76,000.

The surcharge of 1 percent was then applied and adjusted for trade-in value and non-personal use. A growth rate of 2 percent was applied annually.

The Texas Emissions Reduction Plan Surcharge expires September 30, 2008.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, SR, WP, SM