

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 16, 2007

TO: Honorable Jim Keffer, Chair, House Committee on Ways & Means

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

IN RE: HB60 by Isett, Carl (Relating to motor vehicle sales and use taxes.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB60, As Introduced: an impact of \$0 through the biennium ending August 31, 2009.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2008	\$0
2009	\$0
2010	\$0
2011	\$0
2012	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>Property Tax Relief Fund</i> 304
2008	(\$12,281,000)
2009	(\$12,884,000)
2010	(\$13,032,000)
2011	(\$13,141,000)
2012	(\$13,196,000)

Fiscal Analysis

The bill would amend Chapter 152 of the Tax Code to repeal the method known as "presumptive value" for determining the proper amount of motor vehicle sales tax due on certain motor vehicle sales transactions.

Used motor vehicles subject to a sales transaction between private parties, and not involving a licensed motor vehicle dealer, are currently subject to a motor vehicle sales tax rate of 6.25 percent of the higher of the purchase price paid or the presumptive value, as determined by the Texas Department of Transportation (TxDOT) Registration and Title System, on the date of sale. The bill would eliminate the use of "presumptive value" as a transaction basis. Instead, the bill would base the motor vehicle sales tax calculation on the actual purchase price paid for a vehicle.

Current law relating to the use of "presumptive value" would have no effect on or after the effective date of the bill, and the changes made in the bill would not affect a tax liability accruing before the effective date. That liability would continue in effect.

The bill would take effect September 1, 2007.

Methodology

This fiscal note is based upon analyses provided by the Comptroller's Office using the *2008-09 Biennial Revenue Estimate*.

Since the bill will result in a revenue loss the the Property Tax Relief Fund, the General Revenue Fund will have to make up the portion of property tax relief not funded by the revenues in the Property Tax Relief Fund.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, SD, CT