

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 26, 2007

TO: Honorable Mike Krusee, Chair, House Committee on Transportation

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

IN RE: HB3116 by Pickett (Relating to certain fees and taxes collected by this state in connection with a motor vehicle.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3116, Committee Report 1st House, Substituted: a positive impact of \$29,151,000 through the biennium ending August 31, 2009, if the effective date of the bill is July 1, 2007; or a positive impact of \$26,991,000 through the biennium ending August 31, 2009, if the effective date of the bill is September 1, 2007.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

The table below reflects estimated fiscal impacts based on an effective date of July 1, 2007.

All Funds, Six-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE FUND</i> 1	Probable Revenue Gain/(Loss) from <i>STATE HIGHWAY FUND</i> 6	Probable Revenue Gain/(Loss) from <i>Counties - Motor Vehicle Gift Tax</i>	Probable Revenue Gain/(Loss) from <i>Counties - Registration Fees</i>
2007	\$1,938,000	\$6,124,667	\$20,000	\$3,062,333
2008	\$13,374,000	\$37,410,667	\$204,000	\$18,705,333
2009	\$13,839,000	\$38,084,000	\$282,000	\$19,042,000
2010	\$14,319,000	\$38,769,333	\$367,000	\$19,384,667
2011	\$14,815,000	\$39,467,333	\$458,000	\$19,733,667
2012	\$15,328,000	\$40,178,000	\$556,000	\$20,089,000

The table below reflects estimated fiscal impacts based on an effective date of September 1, 2007.

Fiscal Year	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE FUND</i> 1	Probable Revenue Gain/(Loss) from <i>STATE HIGHWAY FUND</i> 6	Probable Revenue Gain/(Loss) from <i>Counties - Motor Vehicle Gift Tax</i>	Probable Revenue Gain/(Loss) from <i>Counties - Registration Fees</i>
2008	\$13,152,000	\$37,410,667	\$200,000	\$18,705,333
2009	\$13,839,000	\$38,084,000	\$282,000	\$19,042,000
2010	\$14,319,000	\$38,769,333	\$367,000	\$19,384,667
2011	\$14,815,000	\$39,467,333	\$458,000	\$19,733,667
2012	\$15,328,000	\$40,178,000	\$556,000	\$20,089,000

Fiscal Analysis

The bill would amend the Transportation Code and the Tax Code, relating to registration fees and gift taxes collected in connection with motor vehicles. The bill would revise the registration fee paid for a passenger car,

municipal bus, or private bus weighing 6,000 pounds or less to \$50.50 from the current rates based on model year. The bill would amend the definition of "light truck" and change the registration fee to \$60.50. The bill would eliminate the separate registration fee structure for vehicles equipped with solid tires used in calculating the registration fees of commercial motor vehicles with a manufacturer's rated carrying capacity of more than one ton and would apply similar registration fees to noncommercial vehicles with a carrying capacity of more than one ton. The bill would amend the Tax Code to increase the current gift tax imposed on the recipient of a gift motor vehicle to \$50 from \$10.

The bill would take effect on July 1, 2007, if it receives a vote of two-thirds of all members elected to each house or otherwise on September 1, 2007.

Methodology

Based on the analysis of the Comptroller, it is assumed an increase in the motor vehicle gift tax would result in a revenue gain of approximately \$1.9 million to the General Revenue Fund (GR) and \$20,000 to the counties beginning in fiscal year 2007, if the bill takes effect on July 1, 2007; or a revenue gain of approximately \$13.1 million to GR and \$200,000 to the counties beginning in fiscal year 2008, if the bill takes effect on September 1, 2007.

The provisions of the bill would change the current registration fee structure for certain vehicles weighing 6,000 pounds or less to a standardized fee of \$50.50, which would result in a \$10 fee increase for a vehicle of a model year that is more than six years before the registration year and a \$8.50 decrease for a vehicle of a model year that is three years or less before the registration year. The bill would also establish a standard registration fee of \$60.50 for certain light trucks, which, according to the Texas Department of Transportation (TxDOT), currently requires an average fee of \$60. TxDOT indicates that approximately 6.6 million vehicles 6 years or older and approximately 1.8 million vehicles 3 years or newer were registered in 2006; and 5.4 million light trucks, as defined under the bill, were registered in 2006; and estimates a 1.8 percent annual growth rate in all registration categories. Based on the analysis of the Comptroller and TxDOT, it is assumed the registration fees established by the bill would result in revenue gain of approximately \$9.2 million beginning in 2007 if the bill takes effect on July 1, 2007; or a gain of approximately \$56.1 million beginning in 2008 if the bill takes effect on September 1, 2007. Based on the information provided by TxDOT, it is assumed that approximately one-third of the registration fees would be retained by the counties and two-thirds of registration fees would be deposited to the State Highway Fund.

Local Government Impact

It is assumed the counties would realize a revenue gain from the increase in the motor vehicle gift tax and the revised vehicle registration fees in the amounts estimated in the tables above.

Source Agencies: 304 Comptroller of Public Accounts, 601 Department of Transportation

LBB Staff: JOB, KJG, MW, TG