

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 24, 2007

TO: Honorable Steve Ogden, Chair, Senate Committee on Finance

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

IN RE: SB841 by Lucio (Relating to the exemption from ad valorem taxation of certain travel trailers.), **As Introduced**

Passage of the bill would create an exemption for certain park trailers which are currently taxable. As a result, taxable property values would be reduced and the related costs to the Foundation School Fund would be increased.

The bill would amend Section 11.14(b) of the Tax Code to exclude certain recreational vehicles designed as temporary living quarters from the definition of "structure," which would cause them to be exempt as non-income producing personal property.

The bill would exempt all residential vehicles referred to as "park trailers." Current law requires taxation of park trailers if they are substantially affixed to real estate and occupied as a residential dwelling.

According to the Recreational Park Trailer Industry Association, one type of park trailer is normally 12 feet wide, requires a special permit to move, and is usually sited in a location for an extended term, typically several years. These trailers would likely be taxable under current law because many of them would be considered "affixed to real estate." Under this bill, they would be considered exempt because they would not be considered "structures" and, therefore, could not become affixed to real estate. This would create a cost to taxing units and to the state through the Foundation School Program, but because of the uncertainty about how many park trailers are actually being taxed under current law, the cost cannot be determined.

The bill would take effect January 1, 2008.

Local Government Impact

Since passage of this bill would exempt from property taxation currently taxable property, local units of government would realize a reduction in taxable property values and the related ad valorem tax revenue.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, CT, SD, SJS