

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

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**April 23, 2009**

**TO:** Honorable Joseph Pickett, Chair, House Committee on Transportation

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

**IN RE: HB116** by Pickett (Relating to certain fees and taxes collected by this state in connection with a motor vehicle.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB116, As Introduced: a positive impact of \$39,957,000 through the biennium ending August 31, 2011, if the effective date of the bill is July 1, 2009; or a positive impact of \$37,013,000 through the biennium ending August 31, 2011, if the effective date of the bill is September 1, 2009.

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, 2009.

**All Funds, Six-Year Impact:**

Fiscal Year	Probable Revenue Gain/ (Loss) from <i>General Revenue Fund</i> <b>1</b>	Probable Revenue Gain/ (Loss) from <i>State Highway Fund</i> <b>6</b>	Probable Revenue Gain/ (Loss) from <i>Counties</i>
2009	\$2,639,000	\$8,779,000	\$234,000
2010	\$18,293,000	\$53,624,000	\$1,430,000
2011	\$19,025,000	\$54,589,000	\$1,456,000
2012	\$19,786,000	\$55,572,000	\$1,482,000
2013	\$20,577,000	\$56,572,000	\$1,509,000
2014	\$21,400,000	\$57,590,000	\$1,536,000

The table below reflects estimated fiscal impacts based on an effective date of September 1, 2009.

Fiscal Year	Probable Revenue Gain/ (Loss) from <i>General Revenue Fund</i> <b>1</b>	Probable Revenue Gain/ (Loss) from <i>State Highway Fund</i> <b>6</b>	Probable Revenue Gain/ (Loss) from <i>Counties</i>
2010	\$17,988,000	\$53,624,000	\$1,430,000
2011	\$19,025,000	\$54,589,000	\$1,456,000
2012	\$19,786,000	\$55,572,000	\$1,482,000
2013	\$20,577,000	\$56,572,000	\$1,509,000
2014	\$21,400,000	\$57,590,000	\$1,536,000

**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 immediately upon receiving a vote of two-thirds of all members elected to each house or otherwise on September 1, 2009.

### **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 \$2.6 million to the General Revenue Fund and \$1.4 million to the counties beginning in fiscal year 2009, if the bill takes effect on July 1, 2009 (immediate effect); or a revenue gain of approximately \$17.9 million to the General Revenue Fund and \$1.4 million to the counties beginning in fiscal year 2010, if the bill takes effect on September 1, 2009.

The bill would establish a standard registration fee of \$50.50 for certain vehicles weighing 6,000 pounds or less. Under current law, passenger vehicles weighing less than 6,000 pounds pay a registration fee based on the model year. Passenger vehicles with a model year more than six years before the registration year begins pay \$40.50; passenger cars with a model year three years or less before the registration year begins pay \$58.50. There would be no change for passenger cars with a model year more than three years but less than six years before the registration year begins (\$50.50). The bill would also establish a standard registration fee of \$60.50 for certain light trucks, which, according to TxDOT, currently require an average fee of \$60. Based on the information and analysis provided by TxDOT and the Comptroller's office, it is assumed the registration fees established by the bill would result in a revenue gain of approximately \$8.8 million in fiscal year 2009, if the bill takes effect on July 1, 2009 (immediate effect); or \$53.6 million beginning in fiscal year 2010, if the bill takes effect on September 1, 2009.

### **Local Government Impact**

Counties retain commissions on registration collections and motor vehicle sales tax collections (including the tax on gifts) according to a four-tier formula of registrations and tax transactions processed (up to a limit of 5 percent of the previous year's motor vehicle sales taxes.) The annual amount retained in each affected fund has been estimated using this formula to calculate the effect of additional registration revenue and gift taxes. Based on the information and analysis provided by the Comptroller's office, it is assumed the counties would realize a revenue gain from the increase in the motor vehicle gift tax and the revised registration fees.

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

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