

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 19, 2009

TO: Honorable Rene Oliveira, Chair, House Committee on Ways & Means

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

IN RE: HB411 by Isett (Relating to motor vehicle sales and use taxes.), **As Introduced**

The bill will have a direct impact of a revenue loss to the Property Tax Relief Fund of \$25,274,000 for the 2010-11 biennium. Any loss to the Property Tax Relief Fund will have to be made up with General Revenue of the same amount to fund property tax relief.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2010	\$0
2011	\$0
2012	\$0
2013	\$0
2014	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from <i>Property Tax Relief Fund 304</i>	Probable Revenue Gain from <i>State Highway Fund 6</i>	Probable Revenue (Loss) from <i>Counties</i>
2010	(\$12,323,000)	\$316,000	(\$632,000)
2011	(\$12,951,000)	\$267,000	(\$668,000)
2012	(\$13,391,000)	\$208,000	(\$694,000)
2013	(\$13,860,000)	\$145,000	(\$722,000)
2014	(\$14,345,000)	\$75,000	(\$751,000)

Fiscal Analysis

The bill would amend the Chapter 152 of the Tax Code as it relates to the computation of motor vehicle sales and use taxes.

The bill would repeal the standard presumptive value method of calculating motor vehicle sales and use tax due on the sale of a motor vehicle in a private-party transaction. The section of the law dedicating the motor vehicle sales and use taxes collected in these transactions to the Property Tax Relief Fund 0304 would also be repealed.

The bill would take effect September 1, 2009.

Methodology

The estimated fiscal impacts are based on motor vehicle sales and use tax computed and collected using the presumptive value method, and then deposited to the Property Tax Relief Fund as shown in the *2010-11 Biennial Revenue Estimate*. The impact on counties reflect the loss of the 5 percent commission associated with motor vehicle sales tax receipts related to presumptive value. A portion of the county commission comes from State Highway Fund, therefore commissions not paid to the counties would be a gain to that fund. The declining gain to the State Highway Fund is due to the declining percentage of the commission paid out of that fund, as required under current law.

Local Government Impact

The impact on counties reflect the loss of the 5 percent commission associated with motor vehicle sales tax receipts related to presumptive value.

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

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