

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 5, 2009

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

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

IN RE: HB754 by Gonzalez Toureilles (Relating to an exemption from the tax imposed on the rental of a motor vehicle under certain circumstances.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB754, As Introduced: a negative impact of (\$55,419,000) through the biennium ending August 31, 2011.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2010	(\$27,180,000)
2011	(\$28,239,000)
2012	(\$29,314,000)
2013	(\$30,433,000)
2014	(\$31,596,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from General Revenue Fund 1
2010	(\$27,180,000)
2011	(\$28,239,000)
2012	(\$29,314,000)
2013	(\$30,433,000)
2014	(\$31,596,000)

Fiscal Analysis

The bill would amend Chapter 152 of the Tax Code, relating to an exemption from motor vehicle taxes imposed on gross rental receipts.

The bill would create a new exemption from the tax on gross rental receipts for the rental of a motor vehicle by a person whose motor vehicle was unavailable due to theft or accident. The tax that would have been remitted on gross rental receipts without the exemption would be considered to have been remitted for purposes of collecting the minimum gross rental receipts tax.

The Comptroller would adopt necessary rules regarding the exemption, including rules specifying any recordkeeping requirements.

The bill would take effect September 1, 2009.

Methodology

Based on a United States Securities and Exchange Commission, Form 10-K, filing for a major company in the motor vehicle rental industry, it was assumed for the purposes of this analysis that approximately 13.5 percent of motor vehicle rental revenues are associated with temporary replacement purposes such as repairing a primary vehicle or a theft loss. The fiscal impact is based on motor vehicle rental tax as reported in the *2010/2011 Biennial Revenue Estimate*.

Local Government Impact

Some local governments are authorized to impose a short-term motor vehicle sales and use tax to support sports and community venues. Because exemptions from the local tax mirror the state imposed exemptions, any impact at the state level would also be felt at the local level. This effect cannot be determined.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, MN, SD, KK