

**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: HB3022** by Leibowitz (Relating to the imposition of the motor vehicle sales tax on certain motor vehicles.), **As Introduced**

**Depending upon the number of motor vehicles that would be sold by salvage vehicle dealers and the difference between an actual sales price subject to tax and a corresponding presumptive value subject to tax, there could be an indeterminate fiscal impact to the state.**

This bill would amend Chapter 152 of the Tax Code, relating to the imposition of the motor vehicle sales tax on certain motor vehicles.

The bill would add salvage vehicle dealers licensed under Chapter 2302 of the Occupations Code to the list of sellers whose sales documentation, including a receipt or invoice provided to the purchaser of a motor vehicle, would be an acceptable valuation to a tax assessor-collector for determining total consideration paid subject to the motor vehicle sales tax as an alternative to applying the standard presumptive value method.

Because the bill would not apply to a nonrepairable motor vehicle or salvage motor vehicle for which a nonrepairable vehicle title or salvage vehicle title had not been issued, it was assumed that the bill would apply to "branded" vehicles, that is, those vehicles rebuilt from nonrepairable and/or salvage motor vehicles that, after state inspection, would become taxable upon sale as motor vehicles. As such, these vehicles would be subject to motor vehicle sales tax based on the invoiced sales price and not standard presumptive value.

The transaction value of a vehicle sold by a salvage dealer as a motor vehicle is assumed not to be significantly different from the transaction value using presumptive value, as standard presumptive value currently used by a tax assessor-collector is approximately 80 percent of the typical nondealer sales price. Because these vehicles are "branded" as having been repaired, their value would be perceived to be less than standard retail value.

The bill would take effect July 1, 2009, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2009.

**Local Government Impact**

There could be an indeterminate fiscal impact to units of local government.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** JOB, MN, SD, KK