

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 2, 2009

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

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

IN RE: HB4516 by Homer (Relating to the taxation and titling of off-road vehicles.), **Committee Report 1st House, Substituted**

Depending upon the number of all-terrain vehicles sold in the state and their value, there could be an indeterminate amount of revenue loss to the state.

The bill would amend Chapter 152 of the Tax Code, regarding motor vehicle taxes. The bill would add an "off-road vehicle" to the list of motor vehicles subject to the motor vehicle sales and use tax. The bill clarifies in statute that all-terrain vehicles, off-road motorcycles, and four or more wheeled recreational off-highway vehicles must have a certificate of title.

Motor vehicles are subject to the 6.25 percent motor vehicle sales and use tax unless specifically exempted by law. Under the bill, off-road vehicles would be considered motor vehicles and would become subject to that tax. The number of all-terrain vehicles and their value subject to the tax cannot be determined.

Off-road-type vehicles (All Terrain vehicles, for instance) are currently taxed under the limited sales and use tax at the state rate of 6.25 percent, plus any applicable local sales and use tax. Any local tax due under the limited sales and use tax would not be due under the motor vehicle sales and use tax, and, therefore, lost to the local taxing entity.

Transactions involving motor vehicles are reported to the county tax assessor-collector and the county earns a commission on motor vehicle sales tax transactions. The fiscal impact on the state would be the difference between the five percent allowance to counties (under Chapter 152) and the discounts allowed under Chapter 151 which range from 0.5 to 1.25 percent of taxes collected. This amount cannot be estimated.

The bill would take effect September 1, 2009.

Local Government Impact

There would be an indeterminate loss of sales tax revenue to units of local government.

Source Agencies: 304 Comptroller of Public Accounts

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