

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 26, 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 of sales and use of off-road vehicles.), **As Introduced**

Depending upon the number of vehicles classified as an off-road vehicle, 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.

Under the bill, off-road vehicles would be considered motor vehicles and subject to the tax. Because there is no definition for an off-road vehicle in the Tax Code, both the number of vehicles that would be subject to the tax and the value of each vehicle that would be subject to the tax is not known.

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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