

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 2, 2011

TO: Honorable Harvey Hilderbran, Chair, House Committee on Ways & Means

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

IN RE: HB3182 by Ritter (Relating to the imposition of the sales tax imposed on certain oilfield portable units), **As Introduced**

No significant fiscal implication to the State is anticipated.

This bill would amend the Tax Code relating to the taxability of oilfield portable units.

The bill would amend Chapter 152, regarding motor vehicle taxes, to define an oilfield portable unit (OPU), and establish that an OPU is not a "motor vehicle" for tax purposes.

The bill would amend Chapter 151, regarding the sales and use tax, to specify that an OPU would be excluded from the sales tax exemption for items taxed under other law, and therefore be subject to the sales and use tax.

The bill would amend Chapter 156 of the Tax Code, regarding the hotel occupancy tax, to exclude an OPU from the definition of a "hotel" and taxation under this chapter.

The bill would amend Chapter 158 of the Tax Code, regarding manufactured housing, to state that a manufactured home used as an OPU would be subject to sales and use tax.

Under current law, OPU-type structures are taxed under the sales and use tax or the motor vehicle sales and use tax. OPU-type structures that are considered manufactured housing are subject to neither the sales and use tax nor the motor vehicle sales and use tax; a manufactured housing dealer, however, is subject to the manufactured housing sales tax on the purchase from a manufacturer. Under this bill's provisions, an OPU would appear to be subject to the sales and use tax.

Under current law, an OPU as defined by the bill would meet the definition of a hotel as defined in Chapter 156, and is subject to the state hotel occupancy tax at a rate of 6 percent of the price paid. Under this bill's provisions, an OPU would be explicitly exempt from the hotel tax.

The bill would take effect September 1, 2011.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

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