

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 23, 2013

TO: Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB315 by Otto (Relating to the applicability of the law governing the ad valorem taxation of a dealer's motor vehicle inventory.), **As Passed 2nd House**

No significant fiscal implication to the State is anticipated.

This bill would amend Section 23.121 of the Tax Code, regarding property taxation, appraisal methods and procedures, and dealer's motor vehicle inventory, to amend the definition of "dealer" to exclude certain motor vehicle dealers from special inventory provisions.

The bill's provisions would exclude from special inventory provisions those motor vehicle dealers (1) who do not sell motor vehicles that are self-propelled vehicles designed to transport persons or property on a public highway, (2) whose adjusted total annual sales for the preceding tax year are 25 percent or less of the dealer's total revenue from all sources or who did not sell a motor vehicle to a person other than another dealer during the preceding tax year and the dealer estimates that the dealer's adjusted total annual sales for the current tax year will be 25 percent or less of the dealer's total revenue from all sources during that period, (3) file with the chief appraiser and the collector a declaration stating that the dealer elects not to be treated as a dealer under special inventory provisions not later than August 31 of the preceding tax year, and (4) render the motor vehicle inventory by a filing a rendition in the manner provided by Chapter 22.

A dealer who has elected to file a declaration and to render motor vehicle inventory as provided under Chapter 22 must continue to file the declaration and render the dealer's motor vehicle inventory so long as the dealer's total annual sales from motor vehicle inventory is 25 percent or less of total revenue from all sources or the dealer estimates that the total annual sales from motor vehicle inventory for the current year will be under that threshold and the dealer did not sell a motor vehicle in the preceding tax year to another person other than a dealer.

The motor vehicle dealer option, under certain circumstances, to have their inventory appraised based on a different method than under current law could cause some change in the taxable value of the inventory. No information is available regarding the amount of the taxable value change; nor is information available about the number of dealers that would elect to have their inventory appraised by the alternate method.

Large motor vehicle dealers would not qualify to make the alternate appraisal election under the bill, so any taxable value change would not be of statewide significance.

This bill would take effect January 1, 2014.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD, SJS