

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 4, 2013

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

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.), **Committee Report 1st House, Substituted**

<p>No significant fiscal implication to the State is anticipated.</p>
--

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 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.

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