

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 25, 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.), **As Introduced**

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 allow certain motor vehicle dealers to elect to have their inventory appraised under Section 23.12 of the Tax Code, at the price for which it would sell as a unit to a purchaser who would continue the business, rather than under the formula provided in Section 23.121.

The bill's provisions would apply only to motor vehicle dealers (1) 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 (2) 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.

The bill would require the Dealer's Motor Vehicle Inventory Declaration form, promulgated by the Comptroller, to permit a dealer to make the election described above. An annual election would be required.

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 or direction 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