

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 20, 2013

TO: Honorable Tommy Williams, Chair, Senate Committee on Finance

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB826 by Harless (relating to the definitions of certain terms for purposes of the ad valorem taxation of certain dealer 's heavy equipment inventory.), **Committee Report 2nd House, Substituted**

To the extent that heavy equipment that is currently appraised as special inventory is appraised as normal inventory under the bill, there would be a gain to the state through the operation of the school finance formulas because the special appraisal provisions of the Tax Code provide a lower appraised value.

This bill would amend Chapter 23 of the Tax Code, regarding property taxation, appraisal methods and procedures.

The definition of a heavy equipment dealer would be amended to provide that the term does not include a bank, savings bank, savings and loan association, credit union, or other finance company. In addition, for purposes of taxation of a person's inventory of heavy equipment in a tax year, the term would not include a person who renders the person's inventory of heavy equipment for taxation in that year by filing a rendition statement or property report in accordance with Chapter 22 of the Tax Code.

The bill would amend the definition of "dealer's heavy equipment inventory" to mean all items of heavy equipment that a dealer holds for sale, lease or rent in this state during a 12 month period. The bill provides that the changes in the bill are not intended to affect any litigation pending on the effective date of this bill or filed on or after the effective date of this bill that arises out of the changes in law made by Chapter 322 (H.B. 2476), Acts of the 82nd Legislature, Regular Session, 2011.

To the extent that heavy equipment that is currently appraised as special inventory is appraised as normal inventory under the bill, there would be a gain to units of local government and to the state through the operation of the school finance formulas because the special appraisal provisions of the Tax Code provide a lower appraised value. Information is not available regarding the amount of heavy equipment inventory that would no longer qualify for special appraisal under the bill. Consequently, the amount of gain cannot be estimated.

The bill would take effect on January 1, 2014.

Local Government Impact

To the extent that heavy equipment that is currently appraised as special inventory is appraised as normal inventory under the bill, there would be a gain to units of local government because the special appraisal provisions of the Tax Code provide a lower appraised value.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD, SJS