

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 7, 2013

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB862 by Taylor (Relating to the imposition of and a limitation on the sales tax imposed on certain vessels.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB862, As Introduced: a negative impact of (\$2,893,000) through the biennium ending August 31, 2015.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2014	(\$1,432,000)
2015	(\$1,461,000)
2016	(\$1,489,000)
2017	(\$1,512,000)
2018	(\$1,551,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from General Revenue Fund 1	Probable Revenue (Loss) from Game, Fish, Water Safety Ac 9
2014	(\$1,432,000)	(\$68,000)
2015	(\$1,461,000)	(\$69,000)
2016	(\$1,489,000)	(\$71,000)
2017	(\$1,512,000)	(\$72,000)
2018	(\$1,551,000)	(\$73,000)

Fiscal Analysis

The bill would amend Chapter 160 of the Tax Code regarding taxes on the sale and use of boats and motor boats.

The bill would amend the definition of the term "boat" to include all vessels, regardless of length, except those greater than 65 feet in length used for commercial shipping. The bill does not provide a definition for the term "commercial shipping".

The bill would limit the maximum amount of boat tax that could be imposed on the retail sale of a boat at \$15,625, regardless of the sales price. Effectively, any boat sold for more than \$250,000, would only pay \$15,625.

The bill would exempt boats that are purchased in this state from the boat tax if they are for use in another state or nation and removed from this state within 10 days from the date of sale or if a boat is taken to a repair facility within 10 days from the date of sale for repairs or modifications and then removed from this state within 20 days from the date the repairs or modifications are completed. The Comptroller would be required to adopt rules and procedures to enforce this section.

The bill would make conforming changes to Chapter 31 of the Parks and Wildlife Code.

This bill would take effect September 1, 2013.

Methodology

The fiscal impact table below shows the impact of placing a cap on how much tax would be imposed on a retail sale of a boat, based on data provided by Texas Parks and Wildlife Department (TPWD) during the 82nd Regular Session, and extrapolated through fiscal year 2018. The taxes collected are deposited into two funds depending on who collects the tax. Taxes collected by a county tax assessor-collector are deposited into the General Revenue Fund 0001 and taxes collected by TPWD are deposited to the Game, Fish and Water Safety Fund 0009.

Local Government Impact

By moving non-commercial craft greater than 65 feet from Chapter 151 to Chapter 160 of the Tax Code there would also be an indeterminate loss to the units of local government, because there are no local boat taxes imposed under Chapter 160.

Source Agencies: 304 Comptroller of Public Accounts, 802 Parks and Wildlife Department

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