

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**April 12, 2015**

**TO:** Honorable Jane Nelson, Chair, Senate Committee on Finance

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: SB724** by Perry (Relating to the motor vehicle sales tax applicable to motor vehicles used by transportation companies for certain purposes.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB724, As Introduced: a negative impact of (\$12,000,000) through the biennium ending August 31, 2017.

**General Revenue-Related Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2016	(\$10,000,000)
2017	(\$2,000,000)
2018	(\$2,000,000)
2019	(\$2,000,000)
2020	(\$2,000,000)

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Revenue (Loss) from General Revenue Fund 1</b>
2016	(\$10,000,000)
2017	(\$2,000,000)
2018	(\$2,000,000)
2019	(\$2,000,000)
2020	(\$2,000,000)

**Fiscal Analysis**

The bill would amend the Tax Code relating to the motor vehicle sales tax applicable to motor vehicles used by transportation companies for certain purposes.

The bill would amend Section 152.082 to exempt vehicles operated by a commercial transportation services company under a contract with a board of county school trustees or school district board of trustees under Section 34.008 of the Education Code, or the governing body of an open-enrollment charter school, from paying the motor vehicle sales and use tax. Currently this

exemption is only available to public agencies.

The bill states that the changes to the Transportation Code made by the bill are a clarification of existing law.

This bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2015.

### **Methodology**

Average annual taxable purchases of \$32 million for buses that would be exempted by this bill were estimated from Comptroller audit records and Texas Education Agency (TEA) data on the number of school buses owned by private contractors. The result is an average annual tax revenue of \$2 million.

SECTION 2 of the bill includes language asserting that the change in law is a clarification and that prior law is not to be construed otherwise; this language would serve as the basis for refund requests with respect to motor vehicle sales tax paid prior to the effective date of the bill. The estimate for the first year after enactment includes a reserve for refunds.

### **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