

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 22, 2017

TO: Honorable Lois W. Kolkhorst, Chair, Senate Committee on Administration

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB897** by Ashby (Relating to the exemption from the taxes imposed on the sale, use, or rental of a motor vehicle for certain motor vehicles used for religious purposes.),
Committee Report 2nd House, As Amended

There would be an indeterminate amount of state revenue loss depending on the number of motor vehicles purchased by and registered to open enrollment charter schools.

This bill would amend the Tax and Transportation Codes, regarding the motor vehicle sales and use tax and registration fees.

The bill would amend Section 152.001, regarding definitions, to add a motor vehicle that is a trailer to the definition of a "motor vehicle used for religious purposes." This would exempt trailers purchased by religious organizations from paying the motor vehicle sales and use tax on such purchases. That definition would be further amended to replace the requirement that the motor vehicle be used primarily to provide transportation to and from a church, religious service, or meeting, with the requirement that the motor vehicle be used primarily by a church or religious society.

The bill would add an open-enrollment charter school to the definition of a public agency, thereby exempting open-enrollment charter schools from paying motor vehicle sales and use or rental taxes.

The bill would amend Section 502.453(a) of the Transportation Code to exempt open-enrollment charter schools from paying registration fees on a motor vehicle, trailer, or semitrailer.

The definition for a "motor vehicle used for religious purposes" would be further amended to replace the requirement that the motor vehicle be used primarily to provide transportation to and from a church, religious service, or meeting, with the requirement that the motor vehicle be used primarily by a church or religious society.

Motor vehicles are defined in Subsection 152.001(3) of the Tax Code to include trailers such as a vans, flatbeds, tanks, dumpsters, dollies, jeeps, stingers auxiliary axles, or converter gear; and a house trailer. With no limitation on the type of trailer the bill could potentially include all of these items, as well as expand the exempt uses of motor vehicles by churches and religious societies. This could have a modest negative fiscal impact, but is not expected to be significant.

According to the Texas Education Agency (TEA), and using TEA's definition of an open-enrollment charter school, there are currently 182 charter schools to which the provisions of the

bill would apply. Under current law, vehicles operated by a commercial transportation company that has a contract with an open-enrollment charter school are exempt from motor vehicle sales and use tax. The Comptroller does not have data regarding the number of motor vehicles registered to open-enrollment charter schools.

The bill would take effect September 1, 2017.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD