

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 23, 2019

TO: Honorable Dustin Burrows, Chair, House Committee on Ways & Means

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: HB947 by Metcalf (Relating to exemptions from the motor vehicle use tax for a motor vehicle brought into this state by an active duty member of the United States armed forces or the member's spouse.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB947, As Introduced: a negative impact of (\$12,060,000) through the biennium ending August 31, 2021.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2020	(\$5,985,000)
2021	(\$6,075,000)
2022	(\$6,166,000)
2023	(\$6,258,000)
2024	(\$6,352,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from <i>General Revenue Fund</i> 1
2020	(\$5,985,000)
2021	(\$6,075,000)
2022	(\$6,166,000)
2023	(\$6,258,000)
2024	(\$6,352,000)

Fiscal Analysis

The bill would amend Section 152.022 of the Tax Code, regarding motor vehicle taxes, to exclude active duty members of the U.S. military and their spouses from paying motor vehicle use tax on a vehicle they purchased at retail outside this state.

The bill would also amend Section 152.023 of the Tax Code exempting such people from the \$90

tax imposed on vehicles brought to the state that have been registered previously in the new resident's name.

The bill would take effect September 1, 2019.

Methodology

The bill would exempt an active duty service member or their spouse who purchases a car outside of Texas while on active duty from paying the use tax required under Section 152.022 of the Tax Code when the vehicle is brought to Texas. There are approximately 120,000 active duty service members stationed in Texas.

This analysis assume 7 percent of active duty military personnel stationed in Texas would purchase a vehicle annually. As vehicles purchased out of state would not be subject to use tax as under the provisions of the bill, this analysis assumes a significant portion of vehicle purchases by active duty military members and their spouses would shift out of state. The estimate reflects the projected number of out of state vehicle purchases made by active duty military members or their spouses and an average sales price in fiscal year 2020 of \$22,000, multiplied by the use tax rate of 6.25 percent.

Section 2 of the bill would have no significant fiscal impact.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: WP, KK, SD