

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

May 14, 2019

TO: Honorable Robert Nichols, Chair, Senate Committee on Transportation

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

IN RE: **HB1543** by Springer (Relating to methods to enhance the enforcement of the collection of the use tax due on certain off-highway vehicles purchased outside this state; providing a civil penalty.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1543, As Engrossed: a positive impact of \$6,628,000 through the biennium ending August 31, 2021.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

| Fiscal Year | Probable Net Positive/(Negative) Impact to General Revenue Related Funds |
|-------------|--|
| 2020 | \$1,929,000 |
| 2021 | \$4,699,000 |
| 2022 | \$4,789,000 |
| 2023 | \$4,840,000 |
| 2024 | \$4,912,000 |

All Funds, Five-Year Impact:

| Fiscal Year | Probable Revenue Gain/(Loss) from General Revenue Fund 1 | Probable Revenue Gain/(Loss) from Tx Dept of Motor Vehicles Fnd 10 | Probable Revenue Gain/(Loss) from Texas Mobility Fund 365 | Probable Revenue Gain/(Loss) from Municipalities |
|-------------|--|--|---|--|
| 2020 | \$1,929,000 | \$6,000 | \$30,000 | \$354,000 |
| 2021 | \$4,699,000 | \$15,000 | \$73,000 | \$870,000 |
| 2022 | \$4,789,000 | \$15,000 | \$73,000 | \$880,000 |
| 2023 | \$4,840,000 | \$15,000 | \$73,000 | \$890,000 |
| 2024 | \$4,912,000 | \$15,000 | \$73,000 | \$910,000 |

| Fiscal Year | Probable Revenue Gain/(Loss) from Local Transportation | Probable Revenue Gain/(Loss) from Counties and Special |
|-------------|--|--|
|-------------|--|--|

| | <i>Authorities</i> | <i>Districts</i> |
|------|--------------------|------------------|
| 2020 | \$121,000 | \$71,000 |
| 2021 | \$300,000 | \$194,000 |
| 2022 | \$300,000 | \$204,000 |
| 2023 | \$310,000 | \$204,000 |
| 2024 | \$310,000 | \$204,000 |

Fiscal Analysis

The bill would amend Chapter 151, Tax Code, by adding Subchapter I-2 to require the Comptroller to require the manufacturer of an off-highway vehicle (OHV) to submit to the Comptroller a report listing each warranty issued by the manufacturer for a new OHV sold to a resident of Texas by a retailer located outside of Texas. The bill would require the Comptroller to use the information to investigate and collect any unpaid use taxes imposed under Subchapter D, Chapter 151, on an OHV described in the report. The bill would authorize the Comptroller to impose a civil penalty for noncompliance with the reporting requirement. The bill would authorize the Comptroller to notify the Department of Motor Vehicles (DMV) if a manufacturer fails to comply with the reporting requirements and would authorize DMV to take administrative action against the manufacturer for the failure. The bill would authorize the Comptroller to bring an action to enforce Subchapter I-2 and require the Attorney General to prosecute the action on the Comptroller's behalf. The bill would amend Chapter 501, Transportation Code, to stipulate that a county tax assessor-collector may not issue a title receipt and DMV may not issue a certificate of title for an OHV purchased from an out-of-state retailer and designated by the manufacturer as a model year that is not more than one year before the year in which the title application is made unless the title applicant provides satisfactory evidence that the applicant has either paid the applicable use tax or is not required to pay any taxes. The provisions of the bill would apply to an application for title that is filed on or after March 1, 2020.

The bill would take effect on September 1, 2019.

Methodology

Based on the analysis provided by the Comptroller's office, it is assumed implementation of the bill would result in increases in revenue collections from use taxes. The tables above show the estimated gains to the State in the General Revenue Fund and to units of local government, including municipalities, transportation authorities, counties, and special districts, and increases in title application fee revenue to the Texas Department of Motor Vehicles Fund and Texas Mobility Fund beginning in fiscal year 2020 and continuing each year thereafter.

Based on information provided by the Comptroller's office and the Department of Motor Vehicles, it is assumed any costs or duties associated with implementing the provisions of the bill could be absorbed within the agencies' existing resources.

Technology

DMV anticipates one-time information technology programming costs to implement the provisions of the bill.

Local Government Impact

According to the Texas Association of Counties, no significant fiscal implication to counties is anticipated. The tables above show estimated revenue gains to units of local government provided by the Comptroller's office.

Source Agencies: 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 608 Department of Motor Vehicles

LBB Staff: WP, JGAn, TG, LCO, KK