

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

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**  
**Revision 1**

**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: HB2872** by Burrows (Relating to the collection, remittance, and administration of certain taxes on motor vehicles rented through a marketplace rental provider.), **As Introduced**

<b>Estimated Two-year Net Impact to General Revenue Related Funds</b> for HB2872, As Introduced: a positive impact of \$757,000 through the biennium ending August 31, 2021.
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**General Revenue-Related Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2020	\$376,000
2021	\$381,000
2022	\$387,000
2023	\$393,000
2024	\$399,000

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

<b>Fiscal Year</b>	<b>Probable Revenue Gain/(Loss) from General Revenue Fund</b> <b>1</b>
2020	\$376,000
2021	\$381,000
2022	\$387,000
2023	\$393,000
2024	\$399,000

**Fiscal Analysis**

The bill would amend the Local Government and Tax Codes relating to the collection, remittance, and administration of certain taxes on motor vehicles rented through a marketplace rental provider.

The bill would amend Subchapter E of Chapter 334, Local Government Code, regarding sports and

community venue short-term motor vehicle rental tax, to require a marketplace rental provider to collect the tax for the benefit of a municipality or county that imposes tax under the subchapter.

The bill would amend Chapter 152 of the Tax Code to require a marketplace rental provider to collect, report, and pay the state motor vehicle rental tax to the comptroller. A marketplace rental provider would be required to send the owner of a motor vehicle rented through the provider a monthly report showing the amount of tax collected, reported, and paid for each motor vehicle the owner owns and is rented through the provider.

"Marketplace rental provider" would be defined as a person who operates any type of marketplace, including a store with a physical location, an internet website, a software or mobile application, or a catalog, by which the owner of a motor vehicle lists, markets, or advertises the motor vehicle for rental by others; facilitates the rental by communicating between the owner and renter regarding the terms of agreement; and collects or processes payment by the renter, either directly or through a third-party contractor, for the owner.

Amendments of both the Local Government Code and the Tax Code would provide that a marketplace rental provider would be required to certify to the owner of a motor vehicle rented through the marketplace that the applicable tax has been collected, reported, and paid to the municipality or county and the comptroller by the marketplace provider, and an owner who in good faith accepts such certification would not be required to collect, report, or pay the tax. However, the owner of a rental motor vehicle could elect to report and pay the taxes as applicable to the municipality or county and the comptroller, in which case the marketplace rental provider would forward the tax collected by the provider to the owner.

### **Methodology**

Marketplace rental providers such as Turo, RelayRides, Getaround, JustShareIt, Carhopper, and FlightCar would be subject to the provisions of the bill. The estimated fiscal impact is based on information from Comptroller records, corporate filings, and publicly available information.

### **Local Government Impact**

According to the Texas Association of Counties, no significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts, 608 Department of Motor Vehicles

**LBB Staff:** WP, KK, SD, SMad, AF