

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 18, 2019

TO: Honorable Terry Canales, Chair, House Committee on Transportation

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

IN RE: HB4362 by Nevárez (relating to peer-to-peer vehicle sharing platforms and the applicability of certain taxes to those platforms.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB4362, Committee Report 1st House, Substituted: a negative impact of (\$206,119,000) 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	(\$100,814,000)
2021	(\$105,305,000)
2022	(\$109,449,000)
2023	(\$113,603,000)
2024	(\$117,743,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from <i>General Revenue Fund</i> 1
2020	(\$100,814,000)
2021	(\$105,305,000)
2022	(\$109,449,000)
2023	(\$113,603,000)
2024	(\$117,743,000)

Fiscal Analysis

The bill would amend the Tax Code and add new Chapter 113 to the Business and Commerce Code, regarding peer-to-peer vehicle sharing platforms.

The bill would prohibit local authorities from regulating peer-to-peer vehicle sharing in the form

of taxes, levies, or fees. The regulation of peer-to-peer vehicle sharing would be solely under the control of the state.

The bill would require certain disclosures to be made by peer-to-peer vehicle sharing platforms regarding the daily rate, fees, and other costs shared to the shared vehicle owner or driver. The bill would stipulate certain duties of platform and vehicle owners relating to compliance with safety recalls on vehicles available on a peer-to-peer vehicle sharing platform.

The bill would add new Section 151.008 to the Tax Code, to stipulate the owner of a personal motor vehicle used for peer-to-peer vehicle sharing is not the seller or retailer unless the owner of the vehicle is the peer-to-peer sharing platform.

The bill would amend Section 151.101(a), Tax Code, by adding peer-to-peer vehicle sharing to the taxable services under this Section.

The bill would add new Subdivision 152.001 (5-a) to the Tax Code, stipulating peer-to-peer vehicle sharing is not included in the definition of "Rental" as defined by Section 113.001 of the Business and Commerce Code.

The bill would take effect September 1, 2019.

Methodology

The term "personal motor vehicle" as used in new Section 113.001 of the Business and Commerce Code is not defined, and could be interpreted to mean cars and trucks used for personal transportation, such as cars and pickup trucks, as distinct from motor vehicles used for commercial or public transportation of persons or freight, such as buses and semi-trailer trucks. This would include most of the fleet of motor vehicles owned by a motor vehicle rental company. Nor is the term "vehicle's owner" as used in the term "peer-to-peer vehicle sharing" in added Section 113.001 defined to exclude a motor vehicle rental company. Consequently, a substantial portion of motor vehicle rentals currently subject to tax at 10 percent under Chapter 152 would instead be taxable at 6.25 percent under Chapter 151. The estimated fiscal impact is proportional to the forecast of motor vehicle rental tax revenue adopted in the Comptroller's *2020-21 Biennial Revenue Estimate*.

Local Government Impact

According to the Texas Association of Counties, no significant fiscal implication to counties is anticipated.

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

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