

SENATE AMENDMENTS

2nd Printing

By: Guillen, Morrison, Bonnen of Galveston,
Paul, Thompson of Brazoria

H.B. No. 4032

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the permitting and taxation of certain boats and boat
3 motors; imposing a fee.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 31.003(16), Parks and Wildlife Code, is
6 amended to read as follows:

7 (16) "Distributor" means a person who offers for sale,
8 sells, or processes for distribution new vessels [~~boats~~] or
9 outboard motors to dealers in this state.

10 SECTION 2. Section 31.006(a), Parks and Wildlife Code, is
11 amended to read as follows:

12 (a) The department may authorize a dealer who holds a
13 dealer's or manufacturer's number to act as the agent of the
14 department under Subchapter B [~~of this chapter~~] and under Chapter
15 160, Tax Code, for the issuance of certificates of number and the
16 collection of fees and taxes for vessels and outboard motors
17 [~~boats~~] sold by that dealer.

18 SECTION 3. Section 160.001(2), Tax Code, is amended to read
19 as follows:

20 (2) "Boat" means a vessel not more than 115 feet in
21 length, measured from the tip of the bow in a straight line to the
22 stern [~~has the meaning assigned by Section 31.003, Parks and~~
23 ~~Wildlife Code~~].

24 SECTION 4. Subchapter B, Chapter 160, Tax Code, is amended

1 by adding Sections 160.0246, 160.0247, and 160.026 to read as
2 follows:

3 Sec. 160.0246. EXEMPTION FOR CERTAIN BOATS AND MOTORS
4 TEMPORARILY USED IN THIS STATE. (a) The taxes imposed by this
5 chapter do not apply to the sale of a taxable boat or motor if:

6 (1) the boat or motor is sold in this state for use in
7 another state or nation and is removed from this state not more than
8 10 days after the date of purchase;

9 (2) the boat or motor:

10 (A) is sold in this state for use in another state
11 or nation;

12 (B) not later than the 10th day after the date the
13 boat or motor is purchased, is docked at or placed in a boat repair
14 facility registered with the comptroller for repairs or
15 modifications;

16 (C) is not used by a person while it is being
17 repaired or modified, except as necessary to test the repairs or
18 modifications; and

19 (D) is removed from this state not more than 20
20 days after the date the repairs or modifications are finished; or

21 (3) the boat or motor:

22 (A) is sold in this state for use in another state
23 or nation;

24 (B) displays a permit described by Section
25 160.0247 at all times after the boat or motor is purchased until the
26 boat or motor is removed from this state; and

27 (C) is removed from this state not more than 90

1 days after the date of purchase.

2 (b) The tax imposed by Section 160.022 does not apply to a
3 taxable boat or motor used in this state or brought into this state
4 for use if the boat or motor:

5 (1) has a current certificate of number issued under
6 any federal law or a federally approved numbering system of another
7 state;

8 (2) displays a permit described by Section 160.0247 at
9 all times while the boat or motor is located in this state; and

10 (3) is removed from this state not more than 90 days
11 after the date the boat or motor is brought into this state.

12 (c) The comptroller shall adopt rules and procedures to
13 implement this section and Section 160.0247.

14 Sec. 160.0247. TEMPORARY USE PERMIT. (a) The comptroller
15 or an agent of the department may issue a temporary use permit to
16 the owner of a taxable boat or motor that qualifies for an exemption
17 from tax under Section 160.0246(a)(3) or (b).

18 (b) The fee for a permit is \$150.

19 (c) A permit is valid for 90 days and may not be renewed.

20 (d) The owner of a taxable boat or motor may obtain not more
21 than two permits in a calendar year for the boat or motor. The
22 second permit in a calendar year may not be issued before the 30th
23 day after the date the first permit expires.

24 Sec. 160.026. LIMITATION ON AMOUNT OF TAX. Notwithstanding
25 any other law, the tax imposed under Section 160.021 on the sale of
26 a taxable boat or motor may not exceed \$18,750.

27 SECTION 5. The change in law made by this Act does not

1 affect tax liability accruing before the effective date of this
2 Act. That liability continues in effect as if this Act had not been
3 enacted, and the former law is continued in effect for the
4 collection of taxes due and for civil and criminal enforcement of
5 the liability for those taxes.

6 SECTION 6. This Act takes effect September 1, 2019.

ADOPTED

MAY 22 2019

Lacey Spaul
Secretary of the Senate

By: Taylor

H.B. No. 4032

Substitute the following for H.B. No. 4032:

By: [Signature]

C.S. H.B. No. 4032

A BILL TO BE ENTITLED

AN ACT

relating to the regulation, permitting, and taxation of certain boats and boat motors; imposing a fee.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 31.003(16), Parks and Wildlife Code, is amended to read as follows:

(16) "Distributor" means a person who offers for sale, sells, or processes for distribution new vessels [~~boats~~] or outboard motors to dealers in this state.

SECTION 2. Section 31.006(a), Parks and Wildlife Code, is amended to read as follows:

(a) The department may authorize a dealer who holds a dealer's or manufacturer's number to act as the agent of the department under Subchapter B [~~of this chapter~~] and under Chapter 160, Tax Code, for the issuance of certificates of number and the collection of fees and taxes for vessels and outboard motors [~~boats~~] sold by that dealer.

SECTION 3. The heading to Section 31.041, Parks and Wildlife Code, is amended to read as follows:

Sec. 31.041. DUTIES OF DEALERS, DISTRIBUTORS, AND MANUFACTURERS; LICENSE REQUIRED [~~DEALER'S, DISTRIBUTOR'S, AND MANUFACTURER'S LICENSE~~].

SECTION 4. Section 31.041, Parks and Wildlife Code, is amended by amending Subsection (f) and adding Subsections (h) and

1 (i) to read as follows:

2 (f) A dealer, distributor, or manufacturer holding a
3 dealer's, distributor's, or manufacturer's license may issue a
4 reasonable temporary facsimile of the number issued under
5 Subsection (c), which may be used by any authorized person. [~~A
6 person purchasing a vessel may use the dealer's number for a period
7 not to exceed 15 days prior to filing an application for a
8 certificate of number.~~] The form of the facsimile and the manner of
9 display of the number shall be prescribed by the department.

10 (h) Not later than the 45th day after a dealer, distributor,
11 or manufacturer holding a dealer's, distributor's, or
12 manufacturer's license sells at the first or a subsequent sale a
13 vessel or outboard motor, the dealer, distributor, or manufacturer
14 shall apply, in the name of the purchaser of the vessel or outboard
15 motor, for a certificate of number or a certificate of title for the
16 vessel or outboard motor, as applicable, and file with the
17 department each document necessary to transfer the certificate of
18 number or certificate of title.

19 (i) A person purchasing a vessel may use the temporary
20 facsimile number issued under Subsection (f) until the person
21 receives the certificate of number from the department.

22 SECTION 5. Section 160.001(2), Tax Code, is amended to read
23 as follows:

24 (2) "Boat" means a vessel not more than 115 feet in
25 length, measured from the tip of the bow in a straight line to the
26 stern [~~has the meaning assigned by Section 31.003, Parks and
27 Wildlife Code~~].

1 SECTION 6. Subchapter B, Chapter 160, Tax Code, is amended
2 by adding Sections 160.0246, 160.0247, and 160.026 to read as
3 follows:

4 Sec. 160.0246. EXEMPTION FOR CERTAIN BOATS AND MOTORS
5 TEMPORARILY USED IN THIS STATE. (a) The taxes imposed by this
6 chapter do not apply to the sale of a taxable boat or motor if:

7 (1) the boat or motor is sold in this state for use in
8 another state or nation and is removed from this state not more than
9 10 days after the date of purchase;

10 (2) the boat or motor:

11 (A) is sold in this state for use in another state
12 or nation;

13 (B) not later than the 10th day after the date the
14 boat or motor is purchased, is docked at or placed in a boat repair
15 facility registered with the comptroller for repairs or
16 modifications;

17 (C) is not used by a person while it is being
18 repaired or modified, except as necessary to test the repairs or
19 modifications; and

20 (D) is removed from this state not more than 20
21 days after the date the repairs or modifications are finished; or

22 (3) the boat or motor:

23 (A) is sold in this state for use in another state
24 or nation;

25 (B) displays a permit described by Section
26 160.0247 at all times after the boat or motor is purchased until the
27 boat or motor is removed from this state; and

1 (C) is removed from this state not more than 90
2 days after the date of purchase.

3 (b) The tax imposed by Section 160.022 does not apply to a
4 taxable boat or motor used in this state or brought into this state
5 for use if the boat or motor:

6 (1) has a current certificate of number issued under
7 any federal law or a federally approved numbering system of another
8 state;

9 (2) displays a permit described by Section 160.0247 at
10 all times while the boat or motor is located in this state; and

11 (3) is removed from this state not more than 90 days
12 after the date the boat or motor is brought into this state.

13 (c) The comptroller shall adopt rules and procedures to
14 implement this section and Section 160.0247.

15 Sec. 160.0247. TEMPORARY USE PERMIT. (a) The comptroller
16 or an agent of the department may issue a temporary use permit to
17 the owner of a taxable boat or motor that qualifies for an exemption
18 from tax under Section 160.0246(a)(3) or (b).

19 (b) The fee for a permit is \$150.

20 (c) A permit is valid for 90 days and may not be renewed.

21 (d) The owner of a taxable boat or motor may obtain not more
22 than two permits in a calendar year for the boat or motor. The
23 second permit in a calendar year may not be issued before the 30th
24 day after the date the first permit expires.

25 Sec. 160.026. LIMITATION ON AMOUNT OF TAX. Notwithstanding
26 any other law, the tax imposed under Section 160.021 on the sale of
27 a taxable boat or motor may not exceed \$18,750.

1 SECTION 7. The change in law made by this Act does not
2 affect tax liability accruing before the effective date of this
3 Act. That liability continues in effect as if this Act had not been
4 enacted, and the former law is continued in effect for the
5 collection of taxes due and for civil and criminal enforcement of
6 the liability for those taxes.

7 SECTION 8. This Act takes effect September 1, 2019.

ADOPTED

MAY 22 2019

Larry Spaul
Secretary of the Senate

FLOOR AMENDMENT NO. 1

BY: *Larry Taylor*

1 Amend C.S.H.B. No. 4032 (senate committee printing) as
2 follows:

3 (1) In SECTION 4 of the bill, strike added Section
4 31.041(i), Parks and Wildlife Code (page 2, lines 8-10), and
5 substitute the following:

6 (i) A person purchasing a vessel may use the temporary
7 facsimile number issued under Subsection (f) for a period not to
8 exceed 45 days from the date the dealer, distributor, or
9 manufacturer applies for a certificate of number or a certificate
10 of title under Subsection (h). The person shall retain the
11 facsimile number on the vessel for the period described by this
12 subsection.

13 (2) Add the following appropriately numbered SECTIONS to
14 the bill and renumber the subsequent SECTIONS of the bill
15 accordingly:

16 SECTION _____. Section 31.037(c), Parks and Wildlife Code,
17 is amended to read as follows:

18 (c) The new owner of a vessel shall, not later than the 45th
19 [~~20th~~] day after the date ownership was transferred, submit an
20 application to the department with:

- 21 (1) evidence of ownership;
22 (2) the new owner's name and address;
23 (3) the number of the vessel; and
24 (4) a fee of \$2 or an amount set by the commission,
25 whichever amount is more.

26 SECTION _____. Sections 31.046(a) and (b), Parks and
27 Wildlife Code, are amended to read as follows:

28 (a) Except as provided in Subsections (b) and (c) of this
29 section, the purchaser of a vessel or an outboard motor shall apply

1 to the department or to a county tax assessor-collector for a
2 certificate of title not later than the 45th day [~~20 days~~] after the
3 date of the sale of the vessel or outboard motor.

4 (b) A manufacturer or a dealer who sells a vessel or an
5 outboard motor to a person other than a manufacturer or a dealer
6 shall apply to the department or to a county tax assessor-collector
7 for a certificate of title for the vessel or outboard motor in the
8 name of the purchaser not later than the 45th day [~~20 days~~] after
9 the date of the sale.

10 SECTION _____. Section 31.053(c), Parks and Wildlife Code,
11 is amended to read as follows:

12 (c) The transferor shall provide the documents or evidence
13 required by Subsection (a) of this section to the department or the
14 transferee, as appropriate, in sufficient time to allow the
15 transferee to register and obtain a certificate of title for the
16 vessel or outboard motor not later than the 45th day [~~20 days~~] after
17 the date of the sale.

18 SECTION _____. Sections 160.041(c) and (e), Tax Code, are
19 amended to read as follows:

20 (c) The tax imposed by Section 160.021 is due on the 45th
21 [~~20th~~] working day after the date that the taxable boat or motor is
22 delivered to the purchaser. The purchaser or the seller, if the
23 purchaser paid the tax to the seller, shall pay the tax to the
24 department, to an agent of the department, or to a tax
25 assessor-collector on or before the due date.

26 (e) The tax imposed by Section 160.022 or 160.023 is due on
27 the 45th [~~20th~~] working day after the date that the taxable boat or
28 motor is brought into this state. The person liable for the tax
29 shall pay the tax to the department or to a tax assessor-collector
30 on or before the due date.

**LEGISLATIVE BUDGET BOARD
Austin, Texas**

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

May 22, 2019

TO: Honorable Dennis Bonnen, Speaker of the House, House of Representatives

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

IN RE: HB4032 by Guillen (Relating to the regulation, permitting, and taxation of certain boats and boat motors; imposing a fee.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for HB4032, As Passed 2nd House: a negative impact of (\$2,316,000) 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	(\$1,127,000)
2021	(\$1,189,000)
2022	(\$1,255,000)
2023	(\$1,322,000)
2024	(\$1,492,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from <i>General Revenue Fund</i> 1	Probable Revenue (Loss) from <i>Game, Fish, Water Safety Ac</i> 9
2020	(\$1,127,000)	(\$67,000)
2021	(\$1,189,000)	(\$70,000)
2022	(\$1,255,000)	(\$74,000)
2023	(\$1,322,000)	(\$78,000)
2024	(\$1,492,000)	(\$81,000)

Fiscal Analysis

The bill would amend Chapter 31, Parks and Wildlife Code and Chapter 160, Tax Code relating to the permitting and taxation of certain boats and boat motors.

The bill would amend Section 31.003(16) of the Parks and Wildlife Code, regarding water safety and the definition of "distributor", to substitute the term "vessels" for "boats." The bill would also amend Section 31.041 to require a dealer, distributor, or manufacturer to file documents necessary

to transfer title to a vessel or outboard motor within 45 days of the first or a subsequent sale.

The bill would amend Section 160.001(2), Tax Code to define "boat" as a vessel not more than 115 feet in length, measured from the tip of the bow in a straight line to the stern.

The bill would add Section 160.0246 to provide that taxable boats and boat motors are exempt from sales tax if: (1) within 10 days of the sale, the boat or boat motor is sold in this state for use in another state or nation and is removed from this state; (2) the boat or boat motor is sold in this state for use in another state and not later than 10 days after purchase it is docked or placed at a repair or modification facility that is registered with the comptroller, is only used to test any repairs or modifications, and is removed from Texas within 20 days after repairs or modifications are completed; or (3) the boat is sold in this state for use in another state or nation, displays a temporary use permit issued by the comptroller, and is removed from the state not more than 90 days after the date of purchase. The added section would also provide for exemption of certain boats brought into the state for not more than 90 days if a permit is obtained and displayed as provided by added Section 160.0247.

The bill would add Section 160.0247 to provide for issuance of a nonrenewable temporary use permit, valid for 90 days at a fee of \$150, to the owner of a taxable boat that qualifies for temporary exemption. An owner could obtain no more than two permits in a calendar year.

The bill would add Section 160.026 to limit the amount of tax imposed on the sale of a taxable boat or boat motor to \$18,750.

The bill would change various due dates relating to the purchase of a vessel in the Tax Code and Parks and Wildlife Code from 20 days after the purchase to 45 days after the purchase.

The bill would take effect September 1, 2019.

Methodology

According to the Texas Parks and Wildlife Department (TPWD) 98.43 percent of boat and boat motor sales tax for boats equal to or less than 65 ft. in length was collected by TPWD, with the remaining 1.57 percent collected at the local county offices. Additionally, 100 percent of the transactions involving boats greater than 65 ft. but less than 115 ft. in length were collected by the comptroller with 95 percent remitted for deposit to the General Revenue (GR) Fund and 5 percent deposited to GR Dedicated Account - Game, Fish, and Water Safety. TPWD provided information on historical taxable sales transactions from which this fiscal impact estimate was calculated. The losses to GR and GR -D Account - Game, Fish, and Water Safety were extrapolated with Comptroller data.

Transaction details for the 1.57 percent of sales taxes collected by counties (95 percent remitted to the Comptroller for GR; 5 percent retained by the county) are not available.

No information regarding the number of boat owners that might obtain 90 day temporary permits was available from TPWD; for purposes of this estimate issuance of 1,000 such permits annually is assumed.

The change in taxability of boats greater than 65 feet but less than 115 feet in length from Chapter 151 to Chapter 160 would result in an undetermined reduction in sales and use tax revenue to units of local government.

Technology

The Comptroller of Public Accounts and the Texas Parks and Wildlife Department both indicate there would be one time programming costs to implement provisions of the bill.

Local Government Impact

Counties retain 5% of sales tax collected and would experience a small revenue loss from the bill.

Source Agencies: 304 Comptroller of Public Accounts, 802 Parks and Wildlife Department

LBB Staff: WP, KK

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

May 18, 2019

TO: Honorable Jane Nelson, Chair, Senate Committee on Finance

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

IN RE: HB4032 by Guillen (relating to the regulation, permitting, and taxation of certain boats and boat motors; imposing a fee.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB4032, Committee Report 2nd House, Substituted: a negative impact of (\$2,316,000) 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	(\$1,127,000)
2021	(\$1,189,000)
2022	(\$1,255,000)
2023	(\$1,322,000)
2024	(\$1,492,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from <i>General Revenue Fund</i> 1	Probable Revenue (Loss) from <i>Game, Fish, Water Safety Ac</i> 9
2020	(\$1,127,000)	(\$67,000)
2021	(\$1,189,000)	(\$70,000)
2022	(\$1,255,000)	(\$74,000)
2023	(\$1,322,000)	(\$78,000)
2024	(\$1,492,000)	(\$81,000)

Fiscal Analysis

The bill would amend Chapter 31, Parks and Wildlife Code and Chapter 160, Tax Code relating to the permitting and taxation of certain boats and boat motors.

The bill would amend Section 31.003(16) of the Parks and Wildlife Code, regarding water safety and the definition of "distributor", to substitute the term "vessels" for "boats." The bill would also

amend Section 31.041 to require a dealer, distributor, or manufacturer to file documents necessary to transfer title to a vessel or outboard motor within 45 days of the first or a subsequent sale.

The bill would amend Section 160.001(2), Tax Code to define "boat" as a vessel not more than 115 feet in length, measured from the tip of the bow in a straight line to the stern.

The bill would add Section 160.0246 to provide that taxable boats and boat motors are exempt from sales tax if: (1) within 10 days of the sale, the boat or boat motor is sold in this state for use in another state or nation and is removed from this state; (2) the boat or boat motor is sold in this state for use in another state and not later than 10 days after purchase it is docked or placed at a repair or modification facility that is registered with the comptroller, is only used to test any repairs or modifications, and is removed from Texas within 20 days after repairs or modifications are completed; or (3) the boat is sold in this state for use in another state or nation, displays a temporary use permit issued by the comptroller, and is removed from the state not more than 90 days after the date of purchase. The added section would also provide for exemption of certain boats brought into the state for not more than 90 days if a permit is obtained and displayed as provided by added Section 160.0247.

The bill would add Section 160.0247 to provide for issuance of a nonrenewable temporary use permit, valid for 90 days at a fee of \$150, to the owner of a taxable boat that qualifies for temporary exemption. An owner could obtain no more than two permits in a calendar year.

The bill would add Section 160.026 to limit the amount of tax imposed on the sale of a taxable boat or boat motor to \$18,750.

The bill would take effect September 1, 2019.

Methodology

According to the Texas Parks and Wildlife Department (TPWD) 98.43 percent of boat and boat motor sales tax for boats equal to or less than 65 ft. in length was collected by TWPD, with the remaining 1.57 percent collected at the local county offices. Additionally, 100 percent of the transactions involving boats greater than 65 ft. but less than 115 ft. in length were collected by the comptroller with 95 percent remitted for deposit to the General Revenue (GR) Fund and 5 percent deposited to GR Dedicated Account - Game, Fish, and Water Safety. TPWD provided information on historical taxable sales transactions from which this fiscal impact estimate was calculated. The losses to GR and GR -D Account - Game, Fish, and Water Safety were extrapolated with Comptroller data.

Transaction details for the 1.57 percent of sales taxes collected by counties (95 percent remitted to the Comptroller for GR; 5 percent retained by the county) are not available.

No information regarding the number of boat owners that might obtain 90 day temporary permits was available from TPWD; for purposes of this estimate issuance of 1,000 such permits annually is assumed.

The change in taxability of boats greater than 65 feet but less than 115 feet in length from Chapter 151 to Chapter 160 would result in an undetermined reduction in sales and use tax revenue to units of local government.

Technology

The Comptroller of Public Accounts and the Texas Parks and Wildlife Department both indicate there would be one time programming costs to implement provisions of the bill.

Local Government Impact

Counties retain 5% of sales tax collected and would experience a small revenue loss from the bill.

Source Agencies: 304 Comptroller of Public Accounts, 802 Parks and Wildlife Department

LBB Staff: WP, KK

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

May 16, 2019

TO: Honorable Jane Nelson, Chair, Senate Committee on Finance

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

IN RE: HB4032 by Guillen (Relating to the permitting and taxation of certain boats and boat motors; imposing a fee.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB4032, As Engrossed: a negative impact of (\$2,316,000) 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
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All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from <i>General Revenue Fund</i> 1	Probable Revenue (Loss) from <i>Game, Fish, Water Safety Ac</i> 9
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2024	(\$1,492,000)	(\$81,000)

Fiscal Analysis

The bill would amend Chapter 31, Parks and Wildlife Code and Chapter 160, Tax Code relating to the permitting and taxation of certain boats and boat motors.

The bill would amend Section 31.003(16) of the Parks and Wildlife Code, regarding water safety and the definition of "distributor", to substitute the term "vessels" for "boats."

The bill would amend Section 160.001(2), Tax Code to define "boat" as a vessel not more than 115 feet in length, measured from the tip of the bow in a straight line to the stern.

The bill would add Section 160.0246 to provide that taxable boats and boat motors are exempt from sales tax if: (1) within 10 days of the sale, the boat or boat motor is sold in this state for use in another state or nation and is removed from this state; (2) the boat or boat motor is sold in this state for use in another state and not later than 10 days after purchase it is docked or placed at a repair or modification facility that is registered with the comptroller, is only used to test any repairs or modifications, and is removed from Texas within 20 days after repairs or modifications are completed; or (3) the boat is sold in this state for use in another state or nation, displays a temporary use permit issued by the comptroller, and is removed from the state not more than 90 days after the date of purchase. The added section would also provide for exemption of certain boats brought into the state for not more than 90 days if a permit is obtained and displayed as provided by added Section 160.0247.

The bill would add Section 160.0247 to provide for issuance by the comptroller of a nonrenewable temporary use permit, valid for 90 days at a fee of \$150, to the owner of a taxable boat that qualifies for temporary exemption. An owner could obtain no more than two permits in a calendar year.

The bill would add Section 160.026 to limit the amount of tax imposed on the sale of a taxable boat or boat motor to \$18,750.

The bill would take effect September 1, 2019.

Methodology

According to the Texas Parks and Wildlife Department (TPWD) 98.43 percent of boat and boat motor sales tax for boats equal to or less than 65 ft. in length was collected by TPWD, with the remaining 1.57 percent collected at the local county offices. Additionally, 100 percent of the transactions involving boats greater than 65 ft. but less than 115 ft. in length were collected by the comptroller with 95 percent remitted for deposit to the General Revenue (GR) Fund and 5 percent deposited to GR Account - Game, Fish, and Water Safety. TPWD provided information on historical taxable sales transactions from which this fiscal impact estimate was calculated. The losses to GR and GR Account - Game, Fish, and Water Safety were extrapolated with Comptroller data.

Transaction details for the 1.57 percent of sales taxes collected by counties (95 percent remitted to the Comptroller for GR; 5 percent retained by the county) are not available.

No information regarding the number of boat owners that might obtain 90 day temporary permits was available from TPWD; for purposes of this estimate issuance of 1,000 such permits annually is assumed.

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Local Government Impact

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Source Agencies: 304 Comptroller of Public Accounts, 802 Parks and Wildlife Department

LBB Staff: WP, KK

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 10, 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: HB4032 by Guillen (Relating to the permitting and taxation of certain boats and boat motors; imposing a fee.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB4032, As Introduced: a negative impact of (\$2,316,000) 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
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2021	(\$1,189,000)
2022	(\$1,255,000)
2023	(\$1,322,000)
2024	(\$1,492,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from <i>General Revenue Fund</i> 1	Probable Revenue (Loss) from <i>Game, Fish, Water Safety Ac</i> 9
2020	(\$1,127,000)	(\$67,000)
2021	(\$1,189,000)	(\$70,000)
2022	(\$1,255,000)	(\$74,000)
2023	(\$1,322,000)	(\$78,000)
2024	(\$1,492,000)	(\$81,000)

Fiscal Analysis

The bill would amend Chapter 31, Parks and Wildlife Code and Chapter 160, Tax Code relating to the permitting and taxation of certain boats and boat motors.

The bill would amend Section 31.003(16) of the Parks and Wildlife Code, regarding water safety and the definition of "distributor", to substitute the term "vessels" for "boats."

The bill would amend Section 160.001(2), Tax Code to define "boat" as a vessel not more than 115 feet in length, measured from the tip of the bow in a straight line to the stern.

The bill would add Section 160.0246 to provide that taxable boats and boat motors are exempt from sales tax if: (1) within 10 days of the sale, the boat or boat motor is sold in this state for use in another state or nation and is removed from this state; (2) the boat or boat motor is sold in this state for use in another state and not later than 10 days after purchase it is docked or placed at a repair or modification facility that is registered with the comptroller, is only used to test any repairs or modifications, and is removed from Texas within 20 days after repairs or modifications are completed; or (3) the boat is sold in this state for use in another state or nation, displays a temporary use permit issued by the comptroller, and is removed from the state not more than 90 days after the date of purchase. The added section would also provide for exemption of certain boats brought into the state for not more than 90 days if a permit is obtained and displayed as provided by added Section 160.0247.

The bill would add Section 160.0247 to provide for issuance by the comptroller of a nonrenewable temporary use permit, valid for 90 days at a fee of \$150, to the owner of a taxable boat that qualifies for temporary exemption. An owner could obtain no more than two permits in a calendar year.

The bill would add Section 160.026 to limit the amount of tax imposed on the sale of a taxable boat or boat motor to \$18,750.

The bill would take effect September 1, 2019.

Methodology

According to the Texas Parks and Wildlife Department (TPWD) 98.43 percent of boat and boat motor sales tax for boats equal to or less than 65 ft. in length was collected by TPWD, with the remaining 1.57 percent collected at the local county offices. Additionally, 100 percent of the transactions involving boats greater than 65 ft. but less than 115 ft. in length were collected by the comptroller with 95 percent remitted for deposit to the General Revenue (GR) Fund and 5 percent deposited to GR Account - Game, Fish, and Water Safety. TPWD provided information on historical taxable sales transactions from which this fiscal impact estimate was calculated. The losses to GR and GR Account - Game, Fish, and Water Safety were extrapolated with Comptroller data.

Transaction details for the 1.57 percent of sales taxes collected by counties (95 percent remitted to the Comptroller for GR; 5 percent retained by the county) are not available.

No information regarding the number of boat owners that might obtain 90 day temporary permits was available from TPWD; for purposes of this estimate issuance of 1,000 such permits annually is assumed.

The change in taxability of boats greater than 65 feet but less than 115 feet in length from Chapter 151 to Chapter 160 would result in an undetermined reduction in sales and use tax revenue to units of local government.

Technology

The Comptroller of Public Accounts and the Texas Parks and Wildlife Department both indicate there would be one time programming costs to implement provisions of the bill.

Local Government Impact

Counties retain 5% of sales tax collected and would experience a small revenue loss from the bill.

Source Agencies: 304 Comptroller of Public Accounts, 802 Parks and Wildlife Department

LBB Staff: WP, KK

LEGISLATIVE BUDGET BOARD
Austin, Texas

TAX/FEE EQUITY NOTE

86TH LEGISLATIVE REGULAR SESSION

April 24, 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: HB4032 by Guillen (Relating to the permitting and taxation of certain boats and boat motors; imposing a fee.), **As Introduced**

No statistically significant impact on the overall distribution of a state tax or fee burden among individuals and businesses is anticipated from the provisions of this bill.

Source Agencies:

LBB Staff: WP, KK