

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

April 17, 2023

TO: Honorable Paul Bettencourt, Chair, Senate Committee on Local Government

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB138 by West (Relating to the effect of the category of the motor vehicle dealer general distinguishing number issued by the Texas Department of Motor Vehicles and held by a person on the appraisal for ad valorem tax purposes of the person's motor vehicle inventory.), **As Introduced**

Passage of the bill could change how motor vehicle inventory of some dealers is appraised. It is unknown how many dealers would be impacted by this change. As a result, the impact of the bill on appraised property value and any associated impacts to the Foundation School Fund through the operation of the school finance formulas cannot be determined.

The bill would amend Section 23.121(d) of the Tax Code (Dealer's Motor Vehicle Inventory; Value) to require the chief appraiser to appraise a dealer's motor vehicle inventory as certain inventory, if the dealer holds a wholesale motor vehicle dealer general distinguishing number issued by the Texas Department of Motor Vehicles (DMV) under Chapter 503 of the Transportation Code and does not hold any other category of dealer general distinguishing number issued by DMV.

Current statute requires the chief appraiser to appraise a dealer's motor vehicle inventory according to Section 23.12 when sales from a dealer's motor vehicle inventory are made predominately to other dealers. This bill would clarify that only dealers who hold a wholesale motor vehicle dealer general distinguishing number, and do not hold any other category of dealer general distinguishing number, would be appraised under Section 23.12. The inventory of individuals who do not hold a wholesale motor vehicle general distinguishing number or those who also hold another category of dealer general distinguishing number would be appraised under Section 23.121. It is unknown how many dealers would be impacted by this change, as such the impact on the appraised value cannot be determined.

Local Government Impact

Passage of the bill could change how motor vehicle inventory of some dealers is appraised. It is unknown how many dealers would be impacted by this change. As a result, the impact of the bill on appraised property value and associated changes to the no-new-revenue and voter-approval tax rates as provided by Section 26.04, Tax Code for units of local government cannot be determined.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JMc, AF, SD, BRI