

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

May 21, 2025

TO: Honorable Joan Huffman, Chair, Senate Committee on Finance

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB4226 by Morales Shaw (Relating to exemptions from the taxes imposed on the sale, use, or rental of a motor vehicle for a vehicle purchased, used, or rented by a nonprofit food bank or a provider of housing and related services.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB4226, Committee Report 2nd House, Substituted: a negative impact of (\$571,000) through the biennium ending August 31, 2027.

Additionally, the bill will have a direct impact of a revenue loss to the Property Tax Relief Fund of (\$4,000) for the 2026-27 biennium. Any loss to the Property Tax Relief Fund must be made up with an equal amount of General Revenue to fund the Foundation School Program.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to <i>General Revenue Related Funds</i>
2026	(\$284,000)
2027	(\$287,000)
2028	(\$291,000)
2029	(\$294,000)
2030	(\$297,000)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Revenue (Loss) from <i>General Revenue Fund</i> 1	Probable Revenue (Loss) from <i>Property Tax Relief Fund</i> 304
2026	(\$284,000)	(\$2,000)
2027	(\$287,000)	(\$2,000)
2028	(\$291,000)	(\$2,000)
2029	(\$294,000)	(\$2,000)
2030	(\$297,000)	(\$2,000)

Fiscal Analysis

This bill would exempt vehicles purchased, used, or rented by a nonprofit food bank, as defined in statute, from the taxes imposed by this chapter. The exempted vehicles would be used primarily for the food bank's purposes.

The bill would exempt motor vehicles used by a provider of housing and related services to certain individuals experiencing homelessness from the taxes imposed by Chapter 152.

The bill would take effect September 1, 2025.

Methodology

Annual estimates of state motor vehicle sales and use taxes and motor vehicle rental taxes were derived from data for a statewide network of food banks obtained from the Houston Food Bank regarding the (1) number of vehicles purchased, leased, and rented; (2) motor vehicle sales and use taxes paid; and (3) motor vehicle rental taxes paid by the 20 food banks across Texas that are affiliated with the organization Feed Texas. These annual estimates were forecast for fiscal 2026 to 2030 using the annual population change in Texas from the 2026-27 *Biennial Revenue Estimate* economic forecast.

The exemption provided by added Section 152.095 would have no significant fiscal impact, in view of the relative infrequency of motor vehicle purchases by the limited number of organizations meeting the definition of provider of housing and related services to individuals experiencing chronic homelessness and having a disabling condition.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

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