

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

April 3, 2025

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB2064 by Perry (relating to an exemption from certain taxes imposed on the transfer of a motor vehicle to a person from a decedent or the decedent’s estate.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB2064, Committee Report 1st House, Substituted: a negative impact of (\$504,000) through the biennium ending August 31, 2027.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to <i>General Revenue Related Funds</i>
2026	(\$246,000)
2027	(\$258,000)
2028	(\$271,000)
2029	(\$285,000)
2030	(\$299,000)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Revenue (Loss) from <i>General Revenue Fund</i> 1
2026	(\$246,000)
2027	(\$258,000)
2028	(\$271,000)
2029	(\$285,000)
2030	(\$299,000)

Fiscal Analysis

The bill would exempt recipients of motor vehicles acquired from a Rights of Survivorship agreement or from a decedent's estate from the currently imposed \$10 gift tax.

The bill would take effect September 1, 2025.

Methodology

Under current law, the \$10 gift tax imposed on a gift of a motor vehicle is paid by the vehicle's recipient to the county tax assessor-collector at the time the recipient applies to title and register the motor vehicle. The gift tax collected is transferred to the Comptroller for deposit in General Revenue Fund.

The bill would exempt recipients of motor vehicles acquired from a Rights of Survivorship agreement or from a decedent's estate from the currently imposed \$10 gift tax.

Based on information from the Department of Motor Vehicles (DMV), DMV's registration and title system has indicators that break down motor vehicle gift transactions by type however, such indicators don't correlate to the delineations in Section 152.025(a), Tax Code.

DMV estimates, at most, 207,000 motor vehicle gift transactions occurred in fiscal 2024. DMV assumes the total number of all motor vehicle gift transactions is close to this estimated upper limit; therefore, about \$2,070,000 in gift tax revenue was collected in fiscal 2024. DMV estimates, at least 22,000 motor vehicle gift transactions occurred in the fiscal 2024. DMV assumes the number of transactions in which a motor vehicle transferred as a gift from a decedent's estate in fiscal 2024 is close to this estimated lower limit.

This analysis assumes that the number of transactions in which a motor vehicle is transferred as a gift from a decedent's estate will grow by about 5 percent year-over-year in fiscal 2025-30. The table above includes estimated revenue lost to General Revenue if such transactions are exempted from the \$10 motor vehicle gift tax.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

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