

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 5, 2007

TO: Honorable Jim Keffer, Chair, House Committee on Ways & Means

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB1022 by Hilderbran (Relating to the exemption from ad valorem taxation of a motor vehicle owned by an individual and used in the course of the owner's occupation or profession and also for personal activities of the owner and to the rendition of such vehicles.), **Committee Report 1st House, Substituted**

<p>No significant fiscal implication to the State is anticipated.</p>
--

The bill would add Section 11.253 to the Tax Code to exempt from property taxation motor vehicles used for the production of income and for personal activities.

The bill would entitle an individual to an exemption of one passenger vehicle or light truck used in the course of the individual's occupation or profession and also used for personal activities not involving the production of income. The proposed exemption would not apply to a motor vehicle used to transport passengers for hire.

This bill would take effect on the date the constitutional amendment authorizing the exemption took effect and would apply beginning with the 2007 tax year. If a person received the exemption for the 2007 tax year but had paid taxes on the vehicle, the collector for the taxing unit would refund the taxes paid for 2007.

Because the state is constitutionally prohibited from imposing a state property tax, there would be no direct fiscal impact on the state; however, Section 403.302 of the Government Code requires the Comptroller to conduct a property value study to determine the total taxable value for each school district. Total taxable value is an element in the state's school funding formula. Passage of this bill could cause a change in school district taxable values reported to the Commissioner of Education by the Comptroller.

Local Government Impact

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

Passage of this bill could result in an insignificant loss of revenue to some taxing units that currently tax passenger vehicles and light trucks used in the course of the owner's occupation and also for the owner's personal activities, such as those described in the bill.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, CT