

SUBJECT: Exempting charter schools from certain motor vehicle fees and sales tax

COMMITTEE: Ways and Means — favorable, without amendment

VOTE: 11 ayes — D. Bonnen, Y. Davis, Bohac, Darby, E. Johnson, Murphy, Murr, Raymond, Shine, Springer, Stephenson

0 nays

WITNESSES: For — Eddie Conger, International Leadership of Texas Public Charter School; (*Registered, but did not testify*: Addie Gomez, Texans for Quality Public Charter Schools; Veronica Garcia, Texas Charter Schools Association; Frank Corte Jr., Texas League of Community Charter Schools)

Against — None

BACKGROUND: Tax Code, sec. 152.021 imposes a 6.25 percent tax on the sale of motor vehicles in Texas. Sec. 152.082 exempts vehicles for use by a public agency from this tax. "Public agency" is defined by sec. 152.001(7) to mean a department, commission, board, office, institution, or other agency of this state or of a county, city, town, school district, hospital district, water district, or other special district or political subdivision, as well as an unincorporated agency or instrumentality of the United States.

Transportation Code, Sec. 502.453(a) exempts the owners of certain vehicles from paying a registration fee, including vehicles owned by and used exclusively in the service of the United States, the state of Texas, or a Texas county, municipality, or school district. Vehicles owned by a commercial transportation company and used exclusively to provide public school transportation services are also exempt.

Transportation Code, sec. 502.451 requires the Department of Transportation to issue special license plates for vehicles exempted by law from paying vehicle registration fees.

Observers suggest a need to clarify whether charter schools that own or operate school buses are exempt from registration fees and the motor vehicle sales tax. SB 724 by Perry, enacted by the 84th Legislature in 2015, exempted third-party leasing companies that provide transportation for charter schools from the sales tax, but current statute is not explicit about the status of charter schools themselves.

**DIGEST:** HB 3652 would exempt a vehicle for use by an open-enrollment charter school from the motor vehicle sales tax by amending the definition of "public agency" in Tax Code, sec. 152.001(7) to include an open-enrollment charter school.

The bill also would provide for the exemption of a vehicle owned by and used exclusively in the service of an open-enrollment charter school from the vehicle registration fee. Open-enrollment charter schools could apply to receive exempt license plates.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2017, and would apply only to tax liability accruing on or after that date.