

- SUBJECT:** Providing tax exemptions for certain private transportation companies
- COMMITTEE:** Ways and Means — favorable, without amendment
- VOTE:** 7 ayes — D. Bonnen, Bohac, Button, Darby, Murphy, Parker, Springer
0 nays
4 absent — Y. Davis, Martinez Fischer, C. Turner, Wray
- SENATE VOTE:** On final passage, April 30 — 31-0
- WITNESSES:** (*On House companion bill, HB 1398*)
For — Brent Gardner, Durham School Services; (*Registered, but did not testify*: Dominic Giarratani, Texas Association of School Boards; Mark Vane, Gardere Wynne Sewell)
Against — None
- BACKGROUND:** Education Code, sec. 34.008(a) allows a board of county school trustees or school district board of trustees to contract with a third party, including a commercial transportation company, for any or all of the district’s transportation needs.

Transportation Code, sec. 502.453 exempts a vehicle owned by a commercial transportation company from registration fees if it is used exclusively to provide public school transportation services to a school district. Such a vehicle may be registered under sec. 502.451, which governs vehicles exempt from the payment of registration fees and issues specialty license plates bearing the word “exempt.”

Tax Code, sec. 152.082, exempts the sale of a vehicle with an exemption under Transportation Code, sec 502.451 from the motor vehicle sales and use tax.

While private school bus companies have long been exempt from the

motor vehicle sales and use tax exemption, some observers contend that a lack of clarity in the law has led to the imposition of that tax in recent years.

DIGEST: SB 724 would exempt from the motor vehicle sales and use tax the sale of a vehicle with an exemption under Transportation Code, sec 502.451 for use by:

- a public agency; or
- a commercial transportation company to provide transportation services under a contract with a board of county school trustees, a school district board of trustees, or the governing body of an open-enrollment charter school.

This 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, 2015.

NOTES: According to the Legislative Budget Board's fiscal note, SB 724 would have a negative impact of \$4 million to general revenue related funds during fiscal 2016-17.

The House companion bill, HB 1398 by Craddick, was placed on the General State Calendar for May 14 but was not considered.