



BULLETIN

Susan Combs, Texas Comptroller of Public Accounts

Commissions: Changes in 2007

Along with getting a big thanks for their work, Texas county tax assessor-collectors (TACs) receive an annual commission from the state for their efforts in collecting motor vehicle sales and use tax and various vehicle fees. How that commission is calculated changes in 2007.

Calculating the Commission

TACs' commissions have two components, one based on motor vehicle sales tax administered by the Texas Comptroller of Public Accounts and the other based on various vehicle registration fees administered by the Texas Department of Transportation (TxDOT).

The motor vehicle sales tax commission equals 5 percent of the tax and penalties collected in relation to motor vehicles sales, seller-financed sales and the Texas Emissions Reduction Plan (TERP) tax surcharge for a county during the preceding calendar year. Tax Code Section 152.123 provides for this part of the commission.

The commission due in relation to collecting registration fees is set out in Transportation Code Section 501.102. Please contact TxDOT with questions about this component.

Retaining the Commission

How the TACs retain their commissions changed in 2006. State law now requires that the motor vehicle tax commission come from a combination of motor vehicle registration fees, motor vehicle sales and use tax collections and TERP tax surcharge collections. As indicated in the chart

below, the combination of revenue sources used for commissions changes each year until 2015. Before 2006, the TACs retained all of the commission from registration fees.

In 2007, TACs will retain 80 percent of the tax commission from 2007 registration fees and 20 percent from a combination of 2007 motor vehicle sales and use tax collections and 2007 TERP tax surcharge collections.

In future years, the percentage of the tax commission retained from the tax sources will increase until 2015, when TACs will retain the total 5 percent tax commission entirely from the motor vehicle sales and use tax and TERP tax surcharge collections.

Tax Code Section 152.123 and Transportation Code Section 502.1025 established the schedule for shifting from registration fees to motor vehicle sales and use tax collections and TERP tax surcharge collections. The 2007 tax commission percentages are noted in bold italics.

Year	Retained from Tax & TERP	Retained from Registration Fees
2006	10 percent	90 percent
2007	20 percent	80 percent
2008	30 percent	70 percent
2009	40 percent	60 percent
2010	50 percent	50 percent
2011	60 percent	40 percent
2012	70 percent	30 percent
2013	80 percent	20 percent
2014	90 percent	10 percent
2015	100 percent	0 percent



LOCAL SALES AND USE TAX BULLETIN

Guidelines for Collecting Local Sales and Use Tax

The formula used to determine the 2007 amount to retain from tax and TERP collections is as follows:

Retained 2007 tax commission = (2006 motor vehicle tax collections + 2006 seller-financed collections + 2006 TERP tax surcharge collections) x 0.05 x 0.20

Although the percentage to be retained from the different sources changes from year to year, there will be no net change in the overall amount of commission earned. For example, TACs who collect very few registration fees can continue to retain their commissions from motor vehicle sales and use tax collections until the full commission amount due is retained.

Notifying Counties

Using final reported collection numbers for the preceding year, the Comptroller will notify each TAC by letter with the exact amount of commission from motor vehicles sales and use tax collections and TERP tax surcharge collections. So, for example, 2006 data is used to determine the 2007 commissions due.

Reporting Guidelines

Comptroller Form 14-115, *Texas Motor Vehicle Sales/Use Tax and Surcharge Report*, provides Item 8A for the TAC to show the commission amount retained from motor vehicle sales and use tax collections and Item 8B to show the commission amount retained from TERP tax surcharge collections.

TACs can retain the total commission due for the year on one month's report if there are sufficient collections to report for that month. Otherwise, a TAC should retain the commission over several months until the total commission due is retained.

Depositing the Commission

An important note to county judges, commissioners and auditors: The county should credit the amount of the commission retained from motor vehicle sales and use tax collections to the county's general fund, as required by Tax Code Section 152.123(b).

The county should continue to deposit the other commission amounts to the county's road and bridge fund, as required by Transportation Code Section 502.1025(c). This section also details the purposes for which the county can spend these funds.

Questions

Please direct general questions about the commission component administered by the Comptroller to Debbie Wheeler at (800) 531-5441, ext. 6-6103, or debbie.wheeler@cpa.state.tx.us. For specific questions about filing monthly reports, please contact John Pollett at (800) 531-5441, ext. 3-4596, or john.pollett@cpa.state.tx.us.

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