

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION
Revision 1

April 4, 2003

TO: Honorable Ron Wilson, Chair, House Committee on Ways & Means

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB827 by Davis, Yvonne (Relating to the application of the sunset review process to certain exemptions from property taxes and state taxes.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB827, As Introduced: a negative impact of (\$323,980) through the biennium ending August 31, 2005.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	(\$161,990)
2005	(\$161,990)
2006	(\$161,990)
2007	(\$161,990)
2008	(\$161,990)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>GENERAL REVENUE FUND</i> 1	Change in Number of State Employees from FY 2003
2004	(\$161,990)	2.0
2005	(\$161,990)	2.0
2006	(\$161,990)	2.0
2007	(\$161,990)	2.0
2008	(\$161,990)	2.0

Fiscal Analysis

This bill would add a new section to Chapter 325 of the Government Code (the Sunset Law) directing the Sunset Advisory Commission to perform periodic evaluations of each exemption provided in Tax Code Chapters 11 (local property tax), 151 (sales tax), 152 (motor vehicle sales tax), 153 (motor fuels taxes), and 171 (franchise tax). On or before January 1, 2004, the commission would adopt a schedule for making such evaluations, and each exemption would be evaluated at least once every six years.

Methodology

The effects of this bill on the revenue collections from taxes for which exemptions are provided would depend on future actions by the commission. Therefore, there is no direct fiscal impact to state and

local tax revenues from the bill.

The cost estimate assumes that reviews would begin during the 2004-05 biennium, requiring two additional FTEs, expenses for the FTEs and funds to contract for actuarial and economic expertise. It is assumed that 161 exemptions would be subject to the required reviews and that the Sunset Commission would spread those evenly over three Sunset review cycles (six years). This would result in approximately 50 to 55 reviews each biennium.

Technology

The bill would have not technology impact to the Sunset Commission

Local Government Impact

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

Source Agencies: 116 Sunset Advisory Commission, 304 Comptroller of Public Accounts, 307 Secretary of State
LBB Staff: JK, SD, WP, MS