

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION**

**March 12, 2003**

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

**FROM:** John Keel, Director, Legislative Budget Board

**IN RE: HB1002** by Thompson (Relating to the repeal of state and local taxes.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB1002, As Introduced: an impact of \$0 through the biennium ending August 31, 2005.

**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	\$0
2005	\$0
2006	(\$24,506,493,000)
2007	(\$25,346,312,000)
2008	(\$26,120,999,000)

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE FUND 1</i>	Probable Revenue Gain/(Loss) from <i>All General Revenue Dedicated Accounts</i>	Probable Revenue Gain/(Loss) from <i>All Other Funds</i>	Probable Revenue Gain/(Loss) from <i>All Local Units of Government</i>
2004	\$0	\$0	\$0	\$0
2005	\$0	\$0	\$0	\$0
2006	(\$24,506,493,000)	(\$16,157,000)	(\$2,085,586,000)	(\$39,807,115,000)
2007	(\$25,346,312,000)	(\$16,515,000)	(\$2,149,976,000)	(\$42,349,140,000)
2008	(\$26,120,999,000)	(\$16,880,000)	(\$2,241,866,000)	(\$45,059,470,000)

**Fiscal Analysis**

The bill would repeal the Tax Code.

The revenue sources repealed would include many of the state's major sources of tax revenues: limited sales and use, motor vehicle sales, motor fuels, franchise, gas & oil severance, tobacco, and mixed beverage. The bill would remove the authority for units of local government to levy property, sales (with some exceptions), and hotel occupancy taxes.

The bill would take effect September 1, 2005.

**Methodology**

The repeal of the Tax Code would eliminate taxes levied under the code as well as the Comptroller's authority to collect them, thus it was assumed that revenue collections from these taxes would cease

on the bill's effective date. This assumption also would apply to the collection of property taxes by local units of government. This analysis assumes there would be no behavioral effect by the taxpayers (i.e., remaining taxes and fees increasing as amounts formerly paid as tax now re-directed). There are some state taxes, as well as local taxes, enacted in other codes that would not be affected by this bill.

The Comptroller's office indicates there would be some initial administrative costs to the agency, then once the repeal took effect, there would be administrative savings.

### **Local Government Impact**

The revenue implications to local governments are reflected in the above tables.

**Source Agencies:** 304 Comptroller Of Public Accounts

**LBB Staff:** JK, JO, SD, WP