

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

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

**April 1, 2003**

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

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

**IN RE: HB1993** by Gutierrez (Relating to documentation used to show exemption from the sales and use tax for items exported outside the United States.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB1993, As Introduced: a negative impact of (\$38,704,000) 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	(\$18,106,000)
2005	(\$20,598,000)
2006	(\$21,442,000)
2007	(\$22,299,000)
2008	(\$23,168,000)

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

Fiscal Year	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE FUND 1</i>	Probable Revenue Gain/(Loss) from <i>Cities</i>	Probable Revenue Gain/(Loss) from <i>Transit Authorities</i>	Probable Revenue Gain/(Loss) from <i>Counties/Special Districts</i>
2004	(\$18,106,000)	(\$2,777,000)	(\$1,001,000)	(\$347,000)
2005	(\$20,598,000)	(\$3,790,000)	(\$1,366,000)	(\$474,000)
2006	(\$21,442,000)	(\$3,946,000)	(\$1,422,000)	(\$493,000)
2007	(\$22,299,000)	(\$4,103,000)	(\$1,479,000)	(\$513,000)
2008	(\$23,168,000)	(\$4,263,000)	(\$1,536,000)	(\$533,000)

**Fiscal Analysis**

The bill would amend Section 151.307(b) of the Tax Code to require a person claiming the sales tax exemption for tangible personal property exported beyond the territorial limits of the United States to sign documentation certifying that delivery of the property was made outside the United States. The documentation would include language regarding penalties for providing false information to customs brokers.

The bill would take effect September 1, 2003.

**Methodology**

Under current law, proof of export may be shown in several ways. One acceptable method is documentation provided by a U.S. Customs Broker. This bill would allow a person obtaining customs

broker documentation to certify that their tangible personal property was exported outside the United States. This bill would shift the responsibility relating to the certification of export from the custom broker to the consumer.

For the purposes of this analysis, it was assumed that, to the degree that consumer certification of exports would be used, losses would occur due to the more lenient nature of such a certification process. Data on taxable retail sales in the counties along Texas' border with Mexico were obtained from Comptroller tax files. It was assumed that five percent of these sales would become non-taxable as the more lenient verification processes yielded non-legitimate refund claims. This product was then multiplied by the state sales tax rate and adjusted for the effective date. The fiscal implications on units of local government were estimated proportionally.

### **Local Government Impact**

Local units of government would have a corresponding fiscal impact from sales tax revenues, as indicated in the above table.

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

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