

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 28, 2003

TO: Honorable Tom Craddick, Speaker of the House, House of Representatives

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB2425 by McCall (Relating to state and certain local fiscal matters; making an appropriation.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2425, As Passed 2nd House: a positive impact of \$865,384,000 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	\$815,717,000
2005	\$49,667,000
2006	\$64,409,000
2007	\$76,005,000
2008	\$87,699,000

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE FUND 1</i>	Probable Savings/ (Cost) from <i>GENERAL REVENUE FUND 1</i>	Probable Revenue Gain/(Loss) from <i>AVAILABLE SCHOOL FUND 2</i>	Probable Revenue Gain/(Loss) from <i>FOUNDATION SCHOOL FUND 193</i>
2004	\$16,140,000	\$794,068,000	\$2,292,000	\$3,217,000
2005	\$56,971,000	(\$18,504,000)	\$3,000,000	\$8,200,000
2006	\$73,705,000	(\$22,406,000)	\$3,360,000	\$9,750,000
2007	\$87,538,000	(\$26,296,000)	\$3,763,000	\$11,000,000
2008	\$101,373,000	(\$30,139,000)	\$4,215,000	\$12,250,000

Fiscal Year	Probable Revenue Gain/(Loss) from <i>STATE HIGHWAY FUND 6</i>	Probable Savings/ (Cost) from <i>STATE HIGHWAY FUND 6</i>	Probable Revenue Gain/(Loss) from <i>Economic Stabilization Fund 599</i>	Probable (Cost) from <i>Other Funds</i>
2004	\$6,876,000	(\$249,000)	\$0	(\$201,000)
2005	\$9,000,000	(\$264,000)	\$5,132,000	(\$214,000)
2006	\$10,080,000	(\$279,000)	\$18,647,000	(\$226,000)
2007	\$11,289,000	(\$296,000)	\$22,555,000	(\$240,000)
2008	\$12,645,000	(\$314,000)	\$26,333,000	(\$254,000)

Fiscal Year	Probable Revenue Gain/(Loss) from Cities	Probable Revenue Gain/(Loss) from Transit Authorities	Probable Revenue Gain/(Loss) from Counties and Special District	Probable Revenue Gain/(Loss) from School Districts
2004	\$1,075,000	\$387,000	\$134,000	(\$800,000,000)
2005	\$1,816,000	\$654,000	\$227,000	\$0
2006	\$2,200,000	\$793,000	\$275,000	\$0
2007	\$2,215,000	\$798,000	\$277,000	\$0
2008	\$2,231,000	\$804,000	\$279,000	\$0

Fiscal Analysis

The bill would amend various provisions of current law relating to state fiscal matters.

Revenue gains and losses result from the following:

- Gains from natural gas tax provisions related to high-cost gas, the treatment of cash sales and marketing costs;
- Gains from motor fuels tax treatment of power take-off equipment;
- Gains from tax refund changes;
- Gains from streamlined sales tax project simplification;
- Gains from other sales tax enforcement provisions; and
- Gains from treatment of the insurance tax liability of unauthorized insurers.

Costs and savings result from the following:

- Savings from a provision related to interest paid under the prompt payment law;
- Savings from delaying the final payment to school districts each fiscal year;
- Costs from a provision related to vacation carry-forward for state employees; and
- Costs from an increase in the transfer to the Economic Stabilization Fund offsetting a portion of the revenue gain from provisions relating to natural gas tax.

In addition to the above, the bill would also do the following:

The bill would repeal the statutory cap on borrowing related to temporary cash flow shortages in the general revenue fund. Currently the limit is twenty-five percent of revenues credited to the general revenue fund for the fiscal year. The bill would allow the Cash Management Committee to set the limit.

The bill would authorize the Comptroller to borrow certain funds managed by or in the custody of the Comptroller, including funds held outside the state treasury. The borrowing would be done in order to prevent temporary cash flow deficiencies in the general revenue fund. The bill would appropriate to the Comptroller from the general revenue fund amounts necessary to return the transferred cash and maintain the equity of funds from which transfers are made.

The bill would allow the Prepaid Higher Education Tuition Board, on request of the Comptroller, to suspend new enrollment in the Prepaid Higher Education Tuition Program to ensure actuarial soundness of the program. The bill would require a university to accept as payment in full for tuition and required fees the lesser of the amount of tuition and required fees charged by the institution or an amount equal to the weighted average amount of tuition and required fees of all public senior colleges and universities.

The bill would exempt certain pharmaceutical biotechnology cleanroom equipment from the sales tax.

The bill would provide insurance tax credits for certified capital companies, resulting in an aggregate revenue loss of \$200,000,000 in general revenue related funds over the period 2009-2012.

Methodology

The estimates were provided by the Comptroller of Public Accounts.

The savings to general revenue from delaying the final payment to school districts each fiscal year is \$800.0 million in fiscal 2004.

The Economic Stabilization Fund estimate includes interest gains.

Local Government Impact

The loss to school district results from the delay of the final foundation school payment each fiscal year. The payments are currently made in late August. Under provisions of the bill, the payments would be made in early September.

Source Agencies: 304 Comptroller of Public Accounts, 212 Office of Court Administration, Texas Judicial Council, 301 Office of the Governor, 327 Employees Retirement System, 696 Department of Criminal Justice, 701 Central Education Agency, 781 Higher Education Coordinating Board

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