

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

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

**April 23, 2003**

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

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

**IN RE: HB3263** by Ritter (Relating to taxes administered by the comptroller of public accounts.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB3263, As Introduced: a positive impact of \$61,575,000 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	\$24,875,000
2005	\$36,700,000
2006	\$41,060,000
2007	\$44,463,000
2008	\$49,915,000

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

Fiscal Year	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE FUND</i> <b>1</b>	Probable Revenue Gain/(Loss) from <i>AVAILABLE SCHOOL FUND</i> <b>2</b>	Probable Revenue Gain/(Loss) from <i>FOUNDATION SCHOOL FUND</i> <b>193</b>	Probable Revenue Gain/(Loss) from <i>STATE HIGHWAY FUND</i> <b>6</b>
2004	\$20,625,000	\$2,292,000	\$1,958,000	\$6,875,000
2005	\$30,200,000	\$3,000,000	\$3,500,000	\$9,000,000
2006	\$33,700,000	\$3,360,000	\$4,000,000	\$10,080,000
2007	\$35,950,000	\$3,763,000	\$4,750,000	\$11,290,000
2008	\$39,700,000	\$4,215,000	\$6,000,000	\$12,644,000

**Fiscal Analysis**

The bill would amend Chapter 151 of the Tax Code to include tangible personal property that has been processed, fabricated, or manufactured into other property or incorporated into other property under the definition of use as it relates to the sales tax.

The bill would add sections to exclude certain sales of tangible personal property from the current sale for resale exemption when the property was used or consumed while performing a contract.

The bill would amend Chapter 201 of the Tax Code to change the time available to receive a credit or refund on high-cost gas. The bill would also amend statutes relating to the market value and cash sale of natural gas and create a definition for "allowable marketing costs."

The previous three provisions would provide most of the revenue gain shown in the table.

The bill would amend Chapter 153 of the Tax Code to specify that the climate-control air conditioning or heating system of a motor vehicle would not be a power take-off system, and gasoline tax or diesel fuel tax paid for the use of fuel for that purpose could not be refunded.

The sales tax provisions of this bill would become effective October 1, 2003. Otherwise, this bill would take effect September 1, 2003.

### **Methodology**

The bill would amend and clarify several provisions within the Tax Code that are subject to interpretation, and it would codify Comptroller administrative requirements for the processing of claims. The net effect would be to save revenue by eliminating loopholes and reducing refund claims for the instances summarized above.

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts, 455 Railroad Commission

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