

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 15, 2003

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

FROM: John Keel, Director, Legislative Budget Board

IN RE: HJR96 by Rodriguez (Proposing a constitutional amendment that provides for the approval of an income tax adopted by the legislature, requires that a deduction or exemption to the tax that redistributes the combined tax liability be approved in a statewide referendum, and allows revenue from the tax to be spent on education and any other purpose.), **As Introduced**

No fiscal implication to the State is anticipated, other than the cost of publication.

The cost to the state for publication of the resolution is \$85,275.

The joint resolution would propose an amendment to Section 24, Article VIII of the Texas Constitution, relating to a state personal income tax. The proposed amendment would add Subsection 24(b-1), stating that any law adopted by the Legislature that would establish a personal income tax exemption or deduction that would result in a redistribution of the combined tax liability of all persons subject to the tax would require voter approval in a public referendum.

The proposed amendment would repeal Subsections 24(f), (g), (h), and (i), which restrict and govern the use of the net proceeds from the imposition of a state personal income tax. The proposed constitutional amendment would be submitted to the voters at an election to be held November 4, 2003.

The proposed amendment would contain a temporary provision stating that approval of the provision by the voters at an election held November 4, 2003 would constitute approval of the imposition of an income tax adopted by the Legislature before that date. The temporary provision would expire January 1, 2004.

Under current law, Subsection 24(b) states that any law adopted by the Legislature that would increase the rate of a personal income tax or that changed the tax in such a manner so as to increase the combined liability of all persons subject to the tax would require voter approval by referendum. The new subsection 24(b-1) would extend the voter approval requirement to legislative changes that would establish an exemption or deduction to an income tax that would result in any redistribution of the tax burden, regardless of whether total tax liability would be increased, decreased, or remain the same.

Subsections 24(f), (h), and (i) require that two-thirds of the net proceeds of a state income tax be used to reduce the rate of ad valorem school maintenance and operation taxes. Subsection 24(g) requires that all remaining proceeds be used for the support of education. The repeal of these subsections would, therefore, allow state personal income tax proceeds to be used for any purpose.

In and of itself, the proposed amendment would have no fiscal impact, other than publication costs. Any additional fiscal impact would depend on enabling legislation, if enacted.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

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