

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATURE 1st CALLED SESSION - 2005

June 27, 2005

TO: Honorable Jim Pitts, Chair, House Committee on Appropriations

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: HB5 by Pitts (Relating to certain fiscal matters affecting governmental entities.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB5, As Introduced: a positive impact of \$690,137,000 through the biennium ending August 31, 2007.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2006	\$33,952,000
2007	\$656,185,000
2008	(\$506,260,000)
2009	\$696,003,000
2010	(\$540,818,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/ (Loss) from GENERAL REVENUE FUND 1	Probable Revenue Gain/ (Loss) from AVAILABLE SCHOOL FUND 2	Probable Revenue Gain/ (Loss) from STATE HIGHWAY FUND 6
2006	\$36,056,000	(\$2,104,000)	(\$6,313,000)
2007	\$659,103,000	(\$2,918,000)	(\$590,625,000)
2008	(\$503,184,000)	(\$3,076,000)	\$572,642,000
2009	\$699,248,000	(\$3,245,000)	(\$628,816,000)
2010	(\$537,397,000)	(\$3,421,000)	\$608,818,000

Fiscal Analysis

Article 1 would delay certain transfers of motor fuel tax revenue. The comptroller would not make allocations of gasoline, diesel, and liquefied gas taxes to the State Highway Fund or County and Road District Highway Fund during the months of June, July, and August of each odd-numbered year. The comptroller would allocate the revenue that would otherwise have been allocated during the previous three months between September 5 and September 11 of each odd numbered year. This section would take effect June 1, 2007.

Article 2 would authorize certain tribal organizations to conduct bingo subject to regulatory jurisdiction and license requirements. The bill would modify the Bingo Enabling Act by expanding the definition of fraternal organization to include certain federally recognized Indian tribes. The article would require that five percent of gross receipts from such bingo be transferred to the state.

Article 3 would amend the Tax Code to provide that a license holder could take a credit, and non-license holder could file a refund claim, for diesel fuel tax paid on diesel fuel used in Texas as a feedstock or other component in the further manufacturing of tangible personal property for resale (but not as motor fuel) or in the original production of oil or gas or to increase the production of oil or gas. The article would also allow a credit or refund of diesel fuel tax paid on diesel fuel used for auxiliary power units or power take off equipment on any motor vehicle. This article would take effect November 1, 2005 and applies only to taxes imposed on or after that date.

Article 4 would establish a standard presumptive value for determining the proper amount of motor vehicle sales tax due on certain motor vehicle sales transactions. The Texas Department of Transportation (TxDOT) would determine the presumptive value based on a nationally recognized motor vehicle industry reporting service. TxDOT would maintain information on presumptive values as part of its registration and title system, update the values quarterly, and make the values available to county tax assessor-collectors no later than December 1, 2005.

The standard presumptive value provisions would not apply to even-exchange or gift transactions. If the amount paid in a sales transaction were greater than or equal to the presumptive value, the tax assessor-collector would compute and collect the tax due on the amount paid. If the amount paid in a sales transaction were less than the presumptive value, the tax assessor-collector would compute and collect the motor vehicle sales tax due on the presumptive value, unless the purchaser could establish a retail value by obtaining an appraisal. Appraisals would have to be on a form prescribed by the comptroller, and they would have to be obtained no later than the 20th day after purchase. Automobile dealers could charge a fee, set by the comptroller, for providing a certified appraisal. This article would take effect September 1, 2005 if it receives a vote of two-thirds of each house. Otherwise, the article would take effect November 1, 2005.

Article 5 would amend the Government Code to clarify that case on an overnight basis held by the State Treasury in lieu of securities and obligations does not constitute a deposit of state of public funds requiring collateral.

Article 6 would amend the Property Code to require the Office of Attorney General (OAG) to provide legal services for the collection of uncollected and delinquent obligations. The article would allow the OAG to contract with private debt collectors, and it would allow collectors to charge and retain an amount equal to 30 percent of the total obligation for services rendered.

Article 7 would amend the Property Code and allow an individual to petition the Comptroller for a hearing on an unclaimed property audit determination and would require requestors to pay a \$50 hearing administration fee. It is assumed that any additional duties and responsibilities associated with implementing the provisions of the bill could be absorbed within existing state resources.

The bill would be effective immediately if it receives sufficient votes. Otherwise, it would take effect on the 91st day after the last day of the legislative session.

Methodology

The estimates for the motor fuel allocation delay in **Article 1** are based the comptroller's estimate of motor fuel tax revenues.

The revenue gains from the provisions related to bingo in **Article 2** conducted by Indian tribes cannot be estimated.

The revenue estimate for **Article 3** is based upon an analysis made by the comptroller. An allowance was made for the additional amount of diesel fuel tax that would become tax free under the provisions of this bill commencing with the November 1, 2005 effective date.

The comptroller provided the **Article 4** estimates relating to the presumptive value of motor vehicles. They are based primarily on estimates of sales of motor vehicles between individuals. The comptroller estimated that about one-half of the 1.2 million qualifying sales each year are under-reported by approximately 28 percent. Estimated revenues for fiscal year 2006 were adjusted for implementation lags.

The comptroller estimates the provisions in **Article 5** would result in a \$5 million annual revenue gain to the General Revenue Fund.

Article 6 would amend Chapter 2107 and 2254 of the Government Code relating to contracts for the outside

collection of agency delinquencies. The Comptroller of Public Accounts reports that the fiscal impact of Article 6 is estimated to be a gain of \$2 million in fiscal year 2006 and \$12.6 million in fiscal year 2007.

The comptroller estimates the provisions in **Article 7** would result in a \$14,000 revenue gain to the General Revenue Fund in fiscal year 2006, and a \$17,000 annual gain thereafter.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, SD, WP, JI