

LEGISLATIVE BUDGET BOARD
Austin, Texas

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

July 8, 2005

TO: Honorable Jim Keffer, Chair, House Committee on Ways & Means

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

IN RE: HB23 by Keffer, Jim (Relating to state and certain local fiscal matters; providing civil and criminal penalties.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB23, Committee Report 1st House, Substituted: a positive impact of \$12,754,000 through the biennium ending August 31, 2007.

The following table assumes an effective date of November 1, 2005.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2006	\$1,347,000
2007	\$11,407,000
2008	\$11,873,000
2009	\$12,349,000
2010	\$12,837,000

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	Probable Revenue Gain/(Loss) from Other Funds
2006	\$1,792,000	(\$445,000)	(\$1,334,000)	\$8,303,000
2007	\$12,031,000	(\$624,000)	(\$1,871,000)	\$8,497,000
2008	\$12,530,000	(\$657,000)	(\$1,972,000)	\$8,694,000
2009	\$13,041,000	(\$692,000)	(\$2,075,000)	\$8,896,000
2010	\$13,569,000	(\$732,000)	(\$2,195,000)	\$9,103,000

Fiscal Analysis

The bill would amend numerous provisions relating to state fiscal matters. The bill would provide clarification on numerous issues concerning the Comptroller's administrative duties, government accounting practices, and reporting requirements.

Methodology

Section 16 of the bill would amend Section 404.024 of the Government Code relating to the investment authority of the Treasury Safekeeping Trust Company. The Comptroller of Public Accounts reports that the fiscal impact of Section 16 is estimated to be a revenue gain to General

Revenue of \$4.9 million in FY 2006 and \$5.1 million in FY 2007 with additional gains in the subsequent years and a gain to Other Funds of \$8.3 million in FY 2006 and \$8.5 million in FY 2007 with additional gains in the subsequent years.

Sections 26 and 27 of the bill would amend Chapter 2107 and 2254 of the Government code relating to contracts for the outside collection of agency delinquencies. The Comptroller reports that the fiscal impact of Sections 26 and 27 is estimated to be a gain of \$2 million in FY 2006 and \$12.7 million in FY 2007 to General Revenue with additional gains in the subsequent years.

Sections 77 and 78 of the bill would amend Section 151.429 of the Tax Code relating to eligible tax refunds for an enterprise project and a defense readjustment project. The Comptroller reports that the fiscal impact of Sections 77 and 78 is estimated to be a loss to the General Revenue Fund of \$500,000 in FY 2006 and a \$1 million per year in the subsequent years.

Section 103 of the bill would allow a credit on the purchase of diesel fuel used in this state as feedstock or other component in the further manufacturing of tangible personal property for resale not as a motor fuel or in the original production of oil or gas or to increase the production of oil or gas. The Comptroller reports that the fiscal impact of Sections 111 is estimated to be a loss of \$445,000 in FY 2006 and \$625,000 in FY 2007 to the Available School Fund with additional loss in the subsequent years and a loss of \$1.3 million in FY 2006 and \$1.9 million in FY 2007 to the State Highway Fund with additional loss in the subsequent years.

Sections 113-119 of the bill would clarify various issues on state fiscal matters and would expand the area of the state eligible for sales and franchise tax credits to include additional federally designated zones and amend other provisions relating to enterprise projects. The franchise tax provisions would apply to certain projects entered into after September 1, 2003, and the credits would be eligible to be taken on reports submitted from September 1, 2005 through January 2009. The Comptroller reports that the fiscal impact of Sections 113-119 is estimated to be a loss of General Revenue of \$4.7million in FY 2006 and FY 2007 and in the subsequent years.

The Comptroller or Public Accounts reported that other portions of the bill may contain provisions that have a fiscal impact to the state but cannot be estimated at this time.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts, 327 Employees Retirement System, 701 Central Education Agency

LBB Staff: JOB, SD, WP, EB, KJG