

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATURE 3rd CALLED SESSION - 2006

April 27, 2006

TO: Honorable Steve Ogden, Chair, Senate Committee on Finance

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

IN RE: HB2 by Pitts (Relating to the allocation of certain revenue from franchise taxes, motor vehicle sales and use taxes, and taxes on cigarettes and other tobacco products to provide property tax relief.), **As Engrossed**

The revenue that would be deposited to the Fund cannot be determined at this time.

The bill would amend various provisions in the Government Code and Tax Code to allocate certain tax revenues to provide property tax relief.

This bill would amend Chapter 403 of the Government Code to create the Property Tax Relief Fund, contingent upon the passage of other, unspecified conforming legislation. The fund would be exempt from statutory funds consolidation provisions, and it could only be used for the purposes that resulted in the reduction of school district maintenance and operations tax rates from those in effect on January 1, 2006. The bill would require that interest and investment income be allocated on a monthly basis to the fund. The bill would require the Comptroller to certify the appropriation for property tax relief, as passed by the 79th Legislature, 3rd Called Session, before the fund could be appropriated for any other legitimate statutory purpose.

The bill would amend Chapter 171 of the Tax Code to require the Comptroller to deposit certain franchise tax revenues to the Property Tax Relief Fund, contingent upon the passage of other, unspecified conforming legislation. The bill would require that taxes received in excess of revenues predicated on the franchise tax structure in place on August 31, 2007 be deposited to the fund. This section would take effect September 1, 2007.

The bill would amend Chapter 152 of the Tax Code to require the Comptroller to deposit certain motor vehicle sales and use tax revenues to the Property Tax Relief Fund, contingent upon the passage of other, unspecified conforming legislation. The bill would require that taxes received as a result of a "presumptive value" standard be deposited to the fund. This section would take effect October 1, 2006.

The bill would amend Chapter 154 of the Tax Code to require the Comptroller to deposit certain cigarette tax revenues to the Property Tax Relief Fund, contingent upon the passage of other, unspecified conforming legislation. The bill would require that the taxes received in excess of the revenue generated by the tax rate of \$20.50 per thousand cigarettes be deposited to the fund. This section would take effect September 1, 2006.

The bill would amend Chapter 155 of the Tax Code to require the Comptroller to deposit certain tobacco products tax revenues to the Property Tax Relief Fund, contingent upon the passage of other, yet unspecified conforming legislation. The bill would require that the taxes received in excess of the revenue generated by the tax rate of 35.213 percent on a manufacturer's list price for other tobacco products, excluding cigars, be deposited to the fund. This section would take effect September 1, 2006.

The bill would require the Comptroller to publish in the *Texas Register*, no later than each December 31, an accounting of revenues and costs of the Property Tax Relief Fund for the previous fiscal year.

The bill also would require the Comptroller to include, within the *Biennial Revenue Estimate*, estimates of the fund's revenue and probable costs attributable to property tax relief, as passed by the 79th Legislature, 3rd Called Session.

This bill would take effect September 1, 2006.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

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