

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION
Revision 1

May 10, 2005

TO: Honorable Tom Craddick, Speaker of the House, House of Representatives

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

IN RE: HB1655 by Keffer, Jim (Relating to funding for the Texas statewide emergency services personnel retirement fund.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1655, Committee Report 1st House, Substituted: a negative impact of (\$38,322,000) 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	\$0
2007	(\$38,322,000)
2008	(\$38,288,000)
2009	\$0
2010	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from <i>GENERAL REVENUE FUND</i> 1	Probable Revenue Gain from <i>EMS PERSONNEL RETIREMENT</i> <i>TRUST FUND</i> 976
2006	\$0	\$0
2007	(\$38,322,000)	\$38,322,000
2008	(\$38,288,000)	\$38,288,000
2009	\$0	\$0
2010	\$0	\$0

Fiscal Analysis

The bill would amend Chapter 221 of the Insurance Code, relating to the funding of the Texas Statewide Emergency Services Personnel Retirement Fund 0976.

The bill would allocate—to Fund 0976—30 percent of the insurance premium tax revenue attributable to gross premiums for fire insurance and allied lines for calendar year 2006. For calendar year 2007, the allocation to Fund 0976 would be 29.1 percent.

The provisions of this bill would expire December 31, 2008.

This bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2005.

Methodology

Insurance premium taxes are imposed on an insurer's taxable premium receipts for a calendar year and are due on March 1 of the following year. As such, this fiscal note assumes that the allocations to Fund 0976 would occur sometime after March 1st in 2007 and 2008.

The Texas Constitution, Article VII, Section 3 dedicates 25 percent of the revenue derived from occupation taxes to GR Account 0193—Foundation School. The premium tax on property and casualty insurance, which includes fire and allied lines, is an occupation tax. As such, 25 percent of its proceeds are allocated to GR Account 0193, meaning that the allocations of premium tax revenues to Fund 0976, while calculated from total collections, would be drawn only from the General Revenue Fund 0001.

This estimate was based on Comptroller historical Texas premium data for fire insurance and allied lines premiums as defined for maintenance tax purposes under Insurance Code Article 5.49, projected through calendar year 2007.

This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. Legislative policy, implemented as Government Code 403.094, consolidated special funds (except those affected by constitutional, federal, or other restrictions) into the General Revenue Fund as of August 31, 1993 and eliminated all applicable statutory revenue dedications as of August 31, 1995. Each subsequent Legislature has reviewed bills that affect funds consolidation. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 325 Fire Fighters' Pension Commissioner

LBB Staff: JOB, SD, SR, WP, DLBe