

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

May 19, 2005

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

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

IN RE: HB2233 by Keffer, Jim (Relating to state and certain local fiscal matters; providing a penalty.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2233, As Engrossed: a negative impact of (\$3,397,000) through the biennium ending August 31, 2007, if the effective date of the bill is July 1, 2005; or a negative impact of (\$3,148,000) through the biennium ending August 31, 2007, if the effective date of the bill is October 1, 2005.

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

All Funds, Six-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE FUND</i> 1
2005	(\$163,000)
2006	(\$1,021,000)
2007	(\$2,213,000)
2008	(\$2,272,000)
2009	(\$2,330,000)
2010	(\$2,389,000)

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

Fiscal Year	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE FUND</i> 1
2006	(\$935,000)
2007	(\$2,213,000)
2008	(\$2,272,000)
2009	(\$2,330,000)
2010	(\$2,389,000)

Fiscal Analysis

The bill would amend numerous provisions of the Code of Criminal Procedure, Education Code, Government Code, Local Government Code, Probate Code, Property Code, Tax Code, and the Transportation Code, 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.

The bill would amend Article 103.0031(e) of the Code of Criminal Procedure to require a county or

municipality that enters into a collection contract to give 30 percent of aggregate amount collected to the private attorney or vendor, with the remainder allocated in accordance with Article 103.003 and Chapter 133 of the Local Government Code.

The bill would amend and clarify various sections of the Education Code relating to the Permanent School Fund and the Available School Fund.

The bill would authorize the funds created by HB 1945 (77th Legislature R.S., 2001) to pay for the expenses of managing and administering the assets of the funds.

The bill would change the Comptroller's monthly remittance to county salary and contributions funds under Government Code Sections 25 and 26 to a quarterly basis. The bill would remove reference to retired judge or justice from Section 74.061(d) of the Government Code. The bill would remove the requirement of the Comptroller to contract with an agency to perform an audit on paid claims. The bill would allow state agencies to provide written or electronic earnings statements approved by the Comptroller.

The bill would clarify that cash on an overnight basis held by the State Treasury in lieu of securities and obligations does not constitute a deposit of state or public funds requiring collateral. The bill would allow the State Treasury to select the most advantageous method of sale of notes relating to a General Revenue Fund cash shortfall.

The bill would amend several sections of the Government Code relating to longevity pay, to comply with the current \$20 for every three years of lifetime service credit. The bill would amend various sections of the Government Code relating to merit raises, promotions, and demotions, clarifying that salary Schedule A is no longer divided into steps. The bill would amend various sections of the Government Code relating to travel expenses, allowing the Comptroller to determine the documentation and approval necessary.

The bill would amend Section 1431.001(2) of the Government Code to include certain hospital districts in the definition of an "eligible countywide district."

The bill would amend Chapter 2303 of the Government Code, relating to the Enterprise Zone Act.

The bill would amend Chapter 302 of the Local Government Code to include usage measures relating to increased revenues in energy savings performance contracts.

The bill would amend Section 430.003 of the Local Government Code to include private institutions of higher education and public junior colleges in the exemption of infrastructure fees relating to the control of excess water or storm water.

The bill would amend Section 433(a) of the Probate Code to specify that a claimant seeking to recover property that had been escheated to the state before September 1, 1991 would have to institute suit for such no later than September 1, 2009.

The bill would amend various sections of the Property Code relating to unclaimed property reporting, disposition, and claims.

The bill would amend Section 151.304 of the Tax Code to exclude certain sales of taxable items by individuals. The bill would also amend Section 151.429 of the Tax Code relating to eligible tax refunds for an enterprise project. Section 151.715 of the Tax Code would be added to prohibit a person from collecting sales tax that exceeds the amount of tax imposed in Chapter 151 or collecting sales tax on an exempt item.

The bill would amend Chapters 152 and 156 of the Tax Code to exempt certain persons in the film industry from the motor vehicle sales and rental tax and the hotel occupancy tax.

The bill would amend Chapter 162 of the Tax Code regarding motor fuel taxes.

The bill would amend Chapter 171 of the Tax Code to expand the definition of strategic investment area to include empowerment zones and associated developable areas, or renewal communities.

The bill would amend Chapter 351 of the Tax Code relating to the construction, remodeling, or rehabilitation of certain hotel projects.

The bill would amend Section 623.052(b) of the Transportation Code to remove the Comptroller from the approval process of surety bonds required for overweight vehicles.

The bill would repeal Section 2303.516(c) of the Government Code and Section 162.016(h) of the Tax Code.

Assuming that it received the requisite two-thirds majority votes in both houses of the Legislature, this bill would take effect immediately upon enactment with the following exceptions: Sections 151.304(b) and 152.094 of the Tax Code, which would take effect July 1, 2005; and Section 43.002 of the Education Code, Sections 659.255, 659.256, and 659.257 of the Government Code, and Section 151.715 of the Tax Code, which would take effect September 1, 2005.

Otherwise Section 103.0031 of the Code of Criminal Procedure; Sections 25.0015, 25.00211, 26.007, 74.061, 403.071, 404.024, 660.024, 660.027, and 2256.011 of the Government Code; Section 433 of the Probate Code; and Sections 74.101, 74.401, 74.507, 74.601 of the Property Code; and Section 623.052 of the Transportation Code would take effect September 1, 2005, Section 152.094 of the Tax Code would take effect October 1, 2005 and all remaining sections would take effect on the 91st day after the last day of the legislative session.

Methodology

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. The Comptroller of Public Accounts reported that the fiscal impact of SECTION 64 (Section 171.721(2) of the Tax Code), relating to the expansion of areas eligible for sales and franchise tax credits, was estimated to be a loss of \$1 million per year, starting in FY 2007.

Addressing SECTION 45 (Section 152.094 of the Tax Code), which relates to the expansion of areas eligible for sales and franchise tax credits and the exemptions from motor vehicle sales and rental and hotel occupancy taxes for certain persons involved in the film industry, the Comptroller reported that estimated fiscal impact was based on data from the U.S. Census, the Texas Film Commission, and Comptroller tax records. Motor vehicle rentals and purchases were estimated as a percentage of production budgets. For the hotel occupancy tax exemption, the state tax rate was applied to the estimated budget for lodging by commercial production companies meeting the three-day minimum stay requirement. The Comptroller extrapolated the fiscal impacts through 2010 and adjusted for the proposed effective dates: with an effective date of July, 1, 2005, the fiscal impact would be \$163,000 in FY 2005, \$1,021,000 in FY 2006, and \$1,213,000 in FY 2007; or with an effective date of October 1, 2005 the impact would be \$935,000 in FY 2006 and \$1,213,000 in FY 2007. The Comptroller noted that the language in SECTION 45 may be subject to interpretation in terms of identifying specifically who could qualify for the exemptions.

The remaining sections of the bill would have no significant fiscal implications.

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

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