

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION**

**April 11, 2005**

**TO:** Honorable John T. Smithee, Chair, House Committee on Insurance

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

**IN RE: HB3270** by Keffer, Bill (Relating to taxable premium receipts.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB3270, As Introduced: a negative impact of (\$13,231,000) through the biennium ending August 31, 2007.

**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2006	(\$3,235,000)
2007	(\$9,996,000)
2008	(\$10,296,000)
2009	(\$10,605,000)
2010	(\$10,923,000)

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE FUND</i> <b>1</b>	Probable Revenue Gain/(Loss) from <i>FOUNDATION SCHOOL FUND</i> <b>193</b>
2006	(\$2,426,000)	(\$809,000)
2007	(\$7,497,000)	(\$2,499,000)
2008	(\$7,722,000)	(\$2,574,000)
2009	(\$7,954,000)	(\$2,651,000)
2010	(\$8,192,000)	(\$2,731,000)

**Fiscal Analysis**

The bill would remove uncollectible premium balances charged off for regulatory reporting purposes from the taxation of gross property and casualty premiums.

The bill would take effect September 1, 2005.

**Methodology**

The Comptroller of Public Accounts indicates that removing uncollectible premium balances charged off for regulatory reporting purposes from the taxation of gross property and casualty premiums would reduce amounts collected from the annual gross premium tax on the order of 2 percent. This would reduce revenue deposited to General Revenue by \$2,426,000 in fiscal year 2006, \$7,497,000 in fiscal year 2007, \$7,722,000 in fiscal year 2008, \$7,954,000 in fiscal year 2009, and \$8,192,000 in fiscal year 2010. It would also reduce revenue deposited to the Foundation School Fund by \$809,000 in fiscal year 2006, \$2,499,000 in fiscal year 2007, \$2,574,000 in fiscal year 2008, \$2,651,000 in fiscal

year 2009, and \$2,731,000 in fiscal year 2010. Fiscal year 2006 losses take into account the partial tax year.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts, 454 Department of Insurance

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