

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 17, 2005

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

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

IN RE: SB1501 by West, Royce (Relating to the imposition of a fee for a currency transmission sent to a destination outside the United States.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1501, As Introduced: a positive impact of \$254,200 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 | \$68,900 |
| 2007 | \$185,300 |
| 2008 | \$213,300 |
| 2009 | \$235,300 |
| 2010 | \$255,300 |

All Funds, Five-Year Impact:

| Fiscal Year | Probable Revenue Gain/ (Loss) from <i>GENERAL REVENUE FUND 1</i> | Probable Savings/(Cost) from <i>GENERAL REVENUE FUND 1</i> | Probable Revenue Gain/ (Loss) from <i>Counties</i> |
|-------------|--|--|--|
| 2006 | \$235,000 | (\$166,100) | \$10,925,000 |
| 2007 | \$344,000 | (\$158,700) | \$16,023,000 |
| 2008 | \$372,000 | (\$158,700) | \$17,304,000 |
| 2009 | \$394,000 | (\$158,700) | \$18,343,000 |
| 2010 | \$414,000 | (\$158,700) | \$19,260,000 |

| Fiscal Year | Change in Number of State Employees from FY 2005 |
|-------------|---|
| 2006 | 3.0 |
| 2007 | 3.0 |
| 2008 | 3.0 |
| 2009 | 3.0 |
| 2010 | 3.0 |

Fiscal Analysis

The bill would impose a one-half of one percent fee on certain currency transmissions to a destination outside the United States. The fees would be collected by the Comptroller and deposited to a trust account. The Comptroller would transfer two percent of collections to the General Revenue Fund as a service fee. Interest earnings would be deposited to the General Revenue Fund.

After setting aside a portion of the fees to pay refunds, the Comptroller would distribute from the trust fund to each county its share of the fees. The fees would be dedicated for the use and benefit of the counties or hospital districts for indigent health care.

Methodology

The estimates were produced by the Comptroller's office using the following sources and methods. The estimated fiscal impact was based on data from the February 2005 Texas Business Review, Banking Across Borders for the dollar amount of "money sent to Latin America via remittances from Texas 2004," from data provided by the Texas Department of Banking, and from Migrant Remittances to Latin America: Reviewing the Literature, a working paper from the Thomas Rivera Policy Institute.

Where appropriate, allowances were made for remittances to other locations outside the United States and for various methods used to send remittances to arrive at the dollar amount of currency transmissions that would be subject to the fee.

The fees to be sent to the counties were adjusted for the three-month lag in remittances in the first year and reduced by the state service fee and the five percent that the Comptroller would be permitted to retain in the counties' suspense accounts.

Technology

Technology costs to the Comptroller's Office are estimated to be \$5,658 each year.

Local Government Impact

The Comptroller of Public Accounts provided an estimate of revenue to the 254 Texas counties from the new currency transmission fee. Additional revenues would total \$10,925,000 in fiscal year 2006, \$16,023,000 in fiscal year 2007, \$17,304,000 in fiscal year 2008, \$18,343,000 in fiscal year 2009, and \$19,260,000 in fiscal year 2010.

Source Agencies: 302 Office of the Attorney General, 304 Comptroller of Public Accounts

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