

By: Paxton

H.B. No. 2786

A BILL TO BE ENTITLED

AN ACT

relating to the preparation by the Legislative Budget Board of a dynamic fiscal impact statement for certain bills and joint resolutions affecting taxes and fees.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 314, Government Code, is amended by adding Section 314.005 to read as follows:

Sec. 314.005. DYNAMIC FISCAL IMPACT STATEMENT ON TAX OR FEE MEASURE. (a) The board shall prepare a dynamic fiscal impact statement for each bill or joint resolution:

(1) that raises or lowers the rate or amount of a tax or fee or proposes an amendment to the Texas Constitution that would raise or lower the rate or amount of a tax or fee; and

(2) for which a fiscal note is prepared indicating a positive or negative impact on revenue of at least \$100 million during a period not to exceed five years.

(b) The dynamic fiscal impact statement must, based on dynamic scoring principles, project for the five-year period beginning on the proposed effective date of the change in the rate or amount of the tax or fee the estimated fiscal and economic impacts of raising or lowering the rate or amount of the tax or fee as proposed, including the impact on:

(1) tax or fee receipts; and

(2) the costs of the specific program, if any, that the

1 tax or fee is designed to directly support.

2 (c) In this section, "dynamic scoring principles" means a  
3 method of estimating the pace of economic growth or the change in  
4 the aggregate level of economic output and incomes, in response to a  
5 change in the rate or amount of a tax or fee, that takes into  
6 consideration factors including:

7 (1) the direct impact on tax or fee receipts and, if  
8 the tax or fee is designed to directly support a specific program,  
9 on program costs;

10 (2) the effects on incentives to work, save, invest,  
11 and conduct economic affairs;

12 (3) the resulting change in the overall level of  
13 economic activity;

14 (4) the impact of the resulting higher or lower level  
15 of economic activity on tax or fee receipts and, if the tax or fee is  
16 designed to directly support a specific program, on program costs;  
17 and

18 (5) a calculation of the net impact of the legislation  
19 proposing the change on the unified budget.

20 (d) The dynamic fiscal impact statement must be attached to  
21 the bill or resolution immediately following the fiscal note  
22 attached under Section 314.003.

23 SECTION 2. Section 314.004(c), Government Code, is amended  
24 to read as follows:

25 (c) The impact statement must be attached to the bill or  
26 resolution immediately following:

27 (1) the fiscal note attached under Section 314.003; or

1           (2) if a dynamic fiscal impact statement is prepared  
2 under Section 314.005, the dynamic fiscal impact statement.

3           SECTION 3. This Act takes effect September 1, 2007.