

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 4, 2007

TO: Honorable Jim Keffer, Chair, House Committee on Ways & Means

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

IN RE: **HB513** by Farabee (Relating to exempting from the sales tax taxable items for personal use by certain permanently disabled veterans.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB513, As Introduced: a negative impact of (\$60,487,000) through the biennium ending August 31, 2009, if the effective date of the bill is June 1, 2007; or a negative impact of (\$53,651,000) through the biennium ending August 31, 2009, if the effective date of the bill is September 1, 2007.

The following fiscal implications assume an effective date of June 1, 2007.

All Funds, Six-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from GENERAL REVENUE FUND 1	Probable Revenue Gain/(Loss) from Cities	Probable Revenue Gain/(Loss) from Transit Authorities	Probable Revenue Gain/(Loss) from Counties/SPDs
2007	(\$4,528,000)	(\$434,000)	(\$149,000)	(\$56,000)
2008	(\$27,696,000)	(\$5,318,000)	(\$1,825,000)	(\$686,000)
2009	(\$28,263,000)	(\$5,427,000)	(\$1,862,000)	(\$700,000)
2010	(\$28,893,000)	(\$5,548,000)	(\$1,903,000)	(\$716,000)
2011	(\$29,430,000)	(\$5,651,000)	(\$1,939,000)	(\$729,000)
2012	(\$29,980,000)	(\$5,757,000)	(\$1,975,000)	(\$743,000)

The following fiscal implications assume an effective date of September 1, 2007.

Fiscal Year	Probable Revenue Gain/(Loss) from GENERAL REVENUE FUND 1	Probable Revenue Gain/(Loss) from Cities	Probable Revenue Gain/(Loss) from Transit Authorities	Probable Revenue Gain/(Loss) from Counties/SPDs
2008	(\$25,388,000)	(\$4,432,000)	(\$1,521,000)	(\$572,000)
2009	(\$28,263,000)	(\$5,427,000)	(\$1,862,000)	(\$700,000)
2010	(\$28,893,000)	(\$5,548,000)	(\$1,903,000)	(\$716,000)
2011	(\$29,430,000)	(\$5,651,000)	(\$1,939,000)	(\$729,000)
2012	(\$29,980,000)	(\$5,757,000)	(\$1,975,000)	(\$743,000)

Fiscal Analysis

The bill would amend Chapter 151 of the Tax Code to exempt from sales tax all purchases made by a person who has been honorably discharged from active service in any branch of the U.S. armed forces and who has been certified by the U.S. Department of Veterans Affairs to have a 100 percent permanent disability. The bill would require the Comptroller of Public Accounts to provide a form for

a disabled veteran to apply for exempt status and issue an exemption letter to qualified applicants.

The bill would take effect June 1, 2007 if it receives two-thirds vote in each house; otherwise, it would take effect September 1, 2007.

Methodology

For the purpose of this estimate, the Comptroller of Public Accounts gathered data on the number of Texas veterans certified 100 percent disabled from the Department of Veterans Affairs. The Comptroller multiplied the number of veterans by estimated sales taxes paid per household, adjusted for potential effective dates of June 1, 2007 and September 1, 2007, and extrapolated through 2012.

The Comptroller proportionally estimated the fiscal impacts on units of local government.

Local Government Impact

The fiscal impact to local government is illustrated in the above tables.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, CT, SD, EB