

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

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**April 2, 2007**

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

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

**IN RE: HB1284** by Creighton (Relating to the total revenue exemption for the franchise tax.), **As Introduced**

<b>Estimated Two-year Net Impact to General Revenue Related Funds</b> for HB1284, As Introduced: an impact of \$0 through the biennium ending August 31, 2009.
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**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2008	\$0
2009	\$0
2010	\$0
2011	\$0
2012	\$0

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

Fiscal Year	Probable Revenue Gain/(Loss) from <i>Property Tax Relief Fund</i> 304
2008	(\$72,108,000)
2009	(\$74,085,000)
2010	(\$78,385,000)
2011	(\$82,933,000)
2012	(\$86,997,000)

**Fiscal Analysis**

The bill would amend Chapter 171 of the Tax Code, relating to the franchise tax, to increase the amount of total revenue a taxable entity could have during a reporting period and owe no tax for that period.

The current amount is \$300,000 in total revenue. This bill would increase the amount to \$600,000 in total revenue.

The bill would take effect January 1, 2008, and it would apply to reports due on or after that date.

**Methodology**

This fiscal note is based upon analyses provided by the Comptroller's Office.

Their estimate is based on information from the Internal Revenue Service on total receipts received by

corporations and partnerships, categorized by receipts size.

Note: House Bill 2, 79th Legislature, Third Called Session (2006) dedicates to the Property Tax Relief Fund 0304 all revenues collected under Chapter 171 in excess of the amount that would have been collected under the chapter as it existed on August 31, 2007. The fiscal impact table reflects that dedication. The General Revenue Fund will be obliged to compensate for the portion of property tax relief not funded by the revenues in the Property Tax Relief Fund.

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** JOB, CT, SD, SM