

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 25, 2007

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

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

IN RE: HB1459 by Guillen (Relating to the application of the sales and use tax to certain telecommunications services provided through the use of a pay phone.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1459, As Engrossed: a negative impact of (\$2,527,000) through the biennium ending August 31, 2009.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2008	(\$1,240,000)
2009	(\$1,287,000)
2010	(\$1,224,000)
2011	(\$1,164,000)
2012	(\$1,107,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE FUND 1</i>	Probable Revenue Gain/(Loss) from <i>City Sales Tax Revenue</i>	Probable Revenue Gain/(Loss) from <i>MTA Sales Tax Revenue</i>	Probable Revenue Gain/(Loss) from <i>County/SPD Sales Tax Revenue</i>
2008	(\$1,240,000)	(\$191,000)	(\$24,000)	(\$14,000)
2009	(\$1,287,000)	(\$218,000)	(\$28,000)	(\$16,000)
2010	(\$1,224,000)	(\$207,000)	(\$27,000)	(\$16,000)
2011	(\$1,164,000)	(\$197,000)	(\$25,000)	(\$15,000)
2012	(\$1,107,000)	(\$188,000)	(\$24,000)	(\$14,000)

Fiscal Analysis

The bill would amend Chapter 151 of the Tax Code to exclude a pay telephone coin sent-paid telephone call from the definition of telecommunications services. A sales tax exemption would be created for these types of calls under the provisions of the bill.

The bill would take effect September 1, 2007.

Methodology

The Comptroller of Public Accounts gathered data on the value of pay telephone calls revenue from the Federal Communications Commission. For the purpose of the estimate, the revenues were adjusted for calls paid for by coin in Texas and for sales taxes that would be collected on phone service provided to independent pay phone operators, multiplied by the state sales tax rate, and adjusted for

the effective date.

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