

**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: HB2638** by Smithee (Relating to the exclusion from total revenue in computing the franchise tax of certain funds, reimbursements, and expenses related to certain legal services.), **As Introduced**

<b>No significant fiscal implication to the State is anticipated.</b>
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The bill would amend Section 171.1011(g-3) of the Tax Code relating to the exclusion from total revenue in computing the franchise tax of certain funds, reimbursements, and expenses related to certain legal services.

The bill would repeal Section 171.1011(p)(4-b) of the Tax Code, which currently defines "out of pocket expenses," effective January 1, 2008.

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

**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