

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

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

**April 3, 2007**

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

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

**IN RE: HB3033** by McClendon (Relating to the dedication of certain sales and use tax and franchise tax revenue to the Texas rail relocation and improvement fund.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB3033, As Introduced: a negative impact of (\$16,773,000) 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	(\$8,244,000)
2009	(\$8,529,000)
2010	(\$8,975,000)
2011	(\$9,447,000)
2012	(\$9,887,000)

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

Fiscal Year	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE FUND</i> 1	Probable Revenue Gain/(Loss) from <i>Texas Rail Relocation and Improvement</i> <i>Fund 0306</i>
2008	(\$8,244,000)	\$8,244,000
2009	(\$8,529,000)	\$8,529,000
2010	(\$8,975,000)	\$8,975,000
2011	(\$9,447,000)	\$9,447,000
2012	(\$9,887,000)	\$9,887,000

**Fiscal Analysis**

The bill would amend Chapters of 151 and 171 of the Tax Code to require sales and use tax and franchise tax paid by rail carriers to be deposited to the credit of the Texas Rail Relocation and Improvement Fund 0306. Under the provisions of the bill, the dedication of rail carrier franchise tax revenues would not affect the amounts deposited to the Property Tax Relief Fund 0304.

The sales tax provisions of the bill would take effect September 1, 2007. The franchise tax provisions would take effect January 1, 2008.

**Methodology**

The Comptroller of Public Accounts based the fiscal impact to the General Revenue Fund 0001 from the sales tax provisions on data on taxable purchases by rail carriers gathered from its tax files. To determine the impact the Comptroller multiplied the data by the state sales tax and extrapolated it

through fiscal year 2012.

The Comptroller based the fiscal impact of the franchise tax provisions on the information reports required by HB 3, 79th Legislature, Third Called Session (2006) and data from the Comptroller's franchise tax files.

**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, EB