

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 18, 2007

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

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

IN RE: HB3159 by Flores (Relating to taxable items for exempt entities.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3159, As Introduced: a negative impact of (\$84,591,000) through the biennium ending August 31, 2009, if the effective date of the bill is July 1, 2007; or a negative impact of (\$81,390,000) through the biennium ending August 31, 2009, if the effective date of the bill is September 1, 2007.

The table below assumes an effective date of July 1, 2007.

All Funds, Six-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE FUND 1</i>	Probable Revenue Gain/(Loss) from <i>TEXAS EMISSIONS REDUCTION PLAN 5071</i>	Probable Revenue Gain/(Loss) from <i>City Sales Tax Revenue</i>	Probable Revenue Gain/(Loss) from <i>County/SPD Sales Tax Revenue</i>
2007	(\$3,201,000)	(\$268,000)	\$0	\$0
2008	(\$37,790,000)	(\$2,946,000)	(\$5,937,000)	(\$766,000)
2009	(\$43,600,000)	(\$3,506,000)	(\$8,372,000)	(\$1,080,000)
2010	(\$46,016,000)	(\$3,653,000)	(\$8,836,000)	(\$1,140,000)
2011	(\$48,665,000)	(\$317,000)	(\$9,345,000)	(\$1,206,000)
2012	(\$51,473,000)	\$0	(\$9,884,000)	(\$1,276,000)

Fiscal Year	Probable Revenue Gain/(Loss) from <i>MTA Sales Tax Revenue</i>
2007	\$0
2008	(\$2,037,000)
2009	(\$2,872,000)
2010	(\$3,032,000)
2011	(\$3,206,000)
2012	(\$3,391,000)

The table below assumes an effective date of September 1, 2007.

Fiscal Year	Probable Revenue Gain/(Loss) from GENERAL REVENUE FUND 1	Probable Revenue Gain/(Loss) from TEXAS EMISSIONS REDUCTION PLAN 5071	Probable Revenue Gain/(Loss) from City Sales Tax Revenue	Probable Revenue Gain/(Loss) from County/SPD Sales Tax Revenue
2008	(\$37,790,000)	(\$2,946,000)	(\$6,597,000)	(\$851,000)
2009	(\$43,600,000)	(\$3,506,000)	(\$8,372,000)	(\$1,080,000)
2010	(\$46,016,000)	(\$3,653,000)	(\$8,836,000)	(\$1,140,000)
2011	(\$48,665,000)	(\$317,000)	(\$9,345,000)	(\$1,206,000)
2012	(\$51,473,000)	\$0	(\$9,884,000)	(\$1,276,000)

Fiscal Year	Probable Revenue Gain/(Loss) from MTA Sales Tax Revenue
2008	(\$2,263,000)
2009	(\$2,872,000)
2010	(\$3,032,000)
2011	(\$3,206,000)
2012	(\$3,391,000)

Fiscal Analysis

The bill would amend Chapter 151 of the Tax Code to expand the sales tax exemption for taxable items used for the improvement of realty of an exempt entity to include machinery and equipment used in the performance of a contract with the Texas Department of Transportation.

The bill would take effect immediately upon enactment 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 Texas expenditures for machinery and equipment used for the improvement of realty of an exempt entity from the U.S. Census Bureau. The Comptroller adjusted the data to reflect machinery and equipment used for a contract with the Texas Department of Transportation and then multiplied it by the state sales tax rate. The estimates were adjusted for potential effective dates of July 1, 2007 and September 1, 2007, and extrapolated through 2012.

The Comptroller proportionally estimated the fiscal impacts on GR Account 5071—Emissions Reduction Plan and 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