

BILL ANALYSIS

Senate Research Center

H.B. 464
By: Paxton et al. (Nelson)
Finance
5/21/2009
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently the legislature, too often, must consider tax-related legislation without information as to the reaction of the economy or other relevant factors.

H.B. 464 requires the Legislative Budget Board (LBB) to develop a dynamic fiscal note for all tax bills that have a static fiscal note of \$100,000,000 or more. The dynamic fiscal note will incorporate a model that will show the estimated fiscal impact of tax legislation for five years into the future. LBB is given authority to implement the system.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 314, Government Code, by adding Section 314.005, as follows:

Sec. 314.005. DYNAMIC FISCAL IMPACT STATEMENT ON TAX OR FEE MEASURE. (a) Requires the Legislative Budget Board to prepare a dynamic fiscal impact statement for each bill or joint resolution:

(1) that raises or lowers the rate or amount of a tax or fee or proposes an amendment to the Texas Constitution that would raise or lower the rate or amount of a tax or fee; and

(2) for which a fiscal note is prepared indicating a positive or negative impact on revenue of at least \$100 million during a period not to exceed five years.

(b) Requires that the dynamic fiscal impact statement, based on dynamic scoring principles, project for the five-year period beginning on the proposed effective date on the change in the rate or amount of the tax or fee the estimated fiscal and economic impacts of raising or lowering the rate or amount of the tax or fee as proposed, including the impact on tax or fee receipts, and the costs of the specific program, if any, that the tax or fee is designed to directly support.

(c) Defines "dynamic scoring principles."

(d) Requires the dynamic fiscal impact statement be attached to the bill or resolution immediately following the fiscal note attached under Section 314.003 (Attachment to Bill or Resolution).

(e) Requires the comptroller of public accounts (comptroller), on the fifth anniversary of the effective date of a bill that becomes law for which a dynamic fiscal impact statement was prepared under this section, to prepare and submit to the presiding officer of each house of the legislature a report that assesses the accuracy of the relevant fiscal note prepared for the bill and the accuracy of the relevant dynamic fiscal impact statement prepared for the bill.

SECTION 2. Amends Section 314.004(c), Government Code, to require that the impact statement be attached to the bill or resolution immediately following the fiscal note attached under Section 314.003, or if a dynamic fiscal impact statement is prepared under Section 314.005, the dynamic fiscal impact statement. Makes nonsubstantive changes.

SECTION 3. Effective date: September 1, 2009.