

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

March 16, 2009

TO: Honorable Rene Oliveira, Chair, House Committee on Ways & Means

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

IN RE: HB1006 by Truitt (Relating to the exclusion of certain amounts from the total revenue of property owners' associations for purposes of the franchise tax.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1006, As Introduced: an impact of \$0 through the biennium ending August 31, 2011.
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General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2010	\$0
2011	\$0
2012	\$0
2013	\$0
2014	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>Property Tax Relief Fund</i> 304
2010	(\$100,000)
2011	(\$103,000)
2012	(\$106,000)
2013	(\$110,000)
2014	(\$115,000)

Fiscal Analysis

The bill would amend Chapter 171 of the Tax Code, relating to the franchise tax.

The bill would provide that a taxable entity that is a property owners' association, as defined in the Property Code, shall exclude from total revenue the assessments received by the association and used for the benefit of the residential subdivision.

The bill would take effect on January 1, 2010, and apply to franchise tax reports due on or after that date.

Methodology

Data from 2008 franchise tax reports were used to determine the amount of tax remitted by taxable entities that were property owner's associations. The exclusion of assessments from total revenue was assumed to eliminate all tax liability for the affected taxable entities.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, MN, SD, SM