

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 17, 2009

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

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

IN RE: HB1403 by Villarreal (Relating to the repeal of state sales tax and franchise tax refunds for certain ad valorem tax payers.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1403, As Introduced: a positive impact of \$8,736,000 through the biennium ending August 31, 2011.

The bill will also have a direct impact of a revenue gain to the Property Tax Relief Fund of \$1,264,000 for the 2010-11 biennium. Any gain to the Property Tax Relief Fund will free up General Revenue of the same amount.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2010	\$0
2011	\$8,736,000
2012	\$8,736,000
2013	\$8,736,000
2014	\$8,736,000

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> 1	Probable Revenue Gain/(Loss) from <i>Property Tax Relief Fund</i> 304
2010	\$0	\$0
2011	\$8,736,000	\$1,264,000
2012	\$8,736,000	\$1,264,000
2013	\$8,736,000	\$1,264,000
2014	\$8,736,000	\$1,264,000

Fiscal Analysis

The bill would repeal Subchapter F of Chapter 111 of the Tax Code, regarding tax refunds for certain ad valorem taxpayers in reinvestment zones.

Subchapter F, proposed for repeal, currently provides a refund of sales and use and franchise tax payments made by certain persons who paid ad valorem taxes to a school district on property in a reinvestment zone that is subject to an abatement agreement with a city or county and is not subject to an abatement agreement or an agreement to limit the appraised value of property with the school district. To be eligible for the refund, the person and person's business must meet certain conditions. The total amount that can be refunded to all eligible persons is capped at \$10 million in any year.

The bill would take effect January 1, 2010.

Methodology

The estimated fiscal impact from the proposed repeal is based on refunds that have been made under the provisions of Subchapter F. There is no estimated fiscal impact for 2010 since refunds paid in fiscal 2010 would be authorized before the effective date of the bill.

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