

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 15, 2009

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

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

IN RE: HB1788 by King, Phil (Relating to the minimum franchise tax amount for which no tax payment is due.), **As Introduced**

The bill will have a direct impact of a revenue loss to the Property Tax Relief Fund of \$950,235,000 for the 2010-11 biennium. Any loss to the Property Tax Relief Fund will have to be made up with General Revenue of the same amount to fund property tax relief.

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	(\$469,250,000)
2011	(\$480,985,000)
2012	(\$497,824,000)
2013	(\$497,824,000)
2014	(\$538,458,000)

Fiscal Analysis

The bill would amend Chapter 171, Tax Code, regarding the franchise tax, by raising the minimum amount of calculated tax that requires a taxable entity to pay the tax. Under current law a taxable entity whose calculated tax is less than \$1,000 is not required to pay any tax. The bill would raise the threshold to \$10,000.

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

Methodology

The estimated fiscal impact of the bill is based on data from the Comptrollers 2008 franchise tax files regarding tax paid by taxable entities that remitted less than \$10,000.

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