

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 19, 2009

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

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

IN RE: HB2485 by King, Phil (Relating to the inclusion of gas and electric transmission and distribution costs in the cost of goods sold for purposes of the franchise tax.), **As Introduced**

The bill will have a direct impact of a revenue loss to the Property Tax Relief Fund of \$36,450,000 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	(\$18,000,000)
2011	(\$18,450,000)
2012	(\$19,096,000)
2013	(\$19,860,000)
2014	(\$20,654,000)

Fiscal Analysis

The bill would amend Chapter 171 of the Tax Code, regarding the franchise tax, to include gas and electric transmission and distribution costs in cost of goods sold for calculating taxable margin for certain taxable entities.

The bill would allow the inclusion of the additional costs for electricity sold by an electric utility, retail electric provider, or power marketer, or for natural gas sold by a gas utility, as those terms are defined in the Utilities Code.

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

Methodology

The estimated fiscal impact is based on 2008 franchise tax return data and on data from the Energy Information Administration.

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