

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 3, 2009

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

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

IN RE: HB2943 by Harper-Brown (Relating to a temporary franchise tax discount for job creation and retention.), **As Introduced**

The bill will have a direct impact of a revenue loss to the Property Tax Relief Fund of \$1,108,230,000 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	(\$1,108,230,000)
2011	\$0
2012	\$0
2013	\$0
2014	\$0

Fiscal Analysis

The bill would amend Chapter 171 of the Tax Code, regarding the franchise tax, to provide a temporary discount from tax liability for job creation and retention.

The discount would apply only to a report originally due during calendar 2010. The discount would equal to 25 percent of the amount of tax owed after applying any other allowable credits or discounts. Taxable entities using the E-Z calculation would be able to apply this discount. A taxable entity that utilizes the discount would be presumed to have used the tax savings for job creation and retention. The Comptroller could not require documentation or other proof from the taxable entity regarding the use of the tax savings.

The bill's provisions would expire on January 1, 2012.

The bill would take effect on January 1, 2010.

Methodology

The estimated fiscal impact is based on 2008 franchise tax reports filed with the Comptroller.

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