

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: HB3211 by Edwards (Relating to the classification of certain entities as primarily engaged in retail trade 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 \$299,000 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	(\$148,000)
2011	(\$151,000)
2012	(\$157,000)
2013	(\$163,000)
2014	(\$170,000)

Fiscal Analysis

The bill would amend Chapter 171 of the Tax Code, regarding the franchise tax, by adding to the definition of "retail trade." The bill would add apparel rental activities to the definition of retail trade.

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 2008 franchise tax reports from taxable entities in the business of renting apparel. These entities would become subject to the 0.5 percent tax rate rather than the 1 percent rate.

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