

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: HB3893 by Oliveira (Relating to the rate of the state sales tax on direct broadcast satellite service.), **As Introduced**

<p>Estimated Two-year Net Impact to General Revenue Related Funds for HB3893, As Introduced: a positive impact of \$203,783,000 through the biennium ending August 31, 2011.</p>

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2010	\$90,556,000
2011	\$113,227,000
2012	\$118,550,000
2013	\$123,291,000
2014	\$128,223,000

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain from General Revenue Fund 1
2010	\$90,556,000
2011	\$113,227,000
2012	\$118,550,000
2013	\$123,291,000
2014	\$128,223,000

Fiscal Analysis

The bill would amend Chapter 151 of the Tax Code, regarding the sales tax.

"Cable television service," which includes satellite programming services, is currently taxable under the limited sales and use tax. This bill would create a new definition for "direct broadcast satellite service" and exclude that service from the current definition of "cable television service." The bill would include the newly defined direct broadcast satellite service in the list of taxable services and would impose an additional tax of 7 percent of the sales price of this service provided in an incorporated area. This would raise the total state tax rate to 13.25 percent on direct broadcast satellite service in incorporated areas.

The bill would take effect October 1, 2009.

Methodology

Sales of direct broadcast satellite services in incorporated areas were estimated based on data gathered from Comptroller tax files. Sales were multiplied by the additional tax rate of 7 percent; adjusted for the effective date of October 1, 2009; and extrapolated through fiscal 2014 to determine the revenue gain to the General Revenue Fund.

Local Government Impact

No significant fiscal implication to units of local government is anticipated, because the bill only affects the state sales tax rate.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, MN, SD, KK