

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 8, 2009

TO: Honorable Kip Averitt, Chair, Senate Committee on Natural Resources

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

IN RE: SB2051 by Averitt (Relating to the collection by the Parks and Wildlife Department of taxes imposed on the sales and use of boats and boat motors and to the disposition of those taxes.),
As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for SB2051, As Introduced: a negative impact of (\$803,239) through the biennium ending August 31, 2011.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2010	(\$390,642)
2011	(\$412,597)
2012	(\$412,597)
2013	(\$412,597)
2014	(\$412,597)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from <i>General Revenue Fund</i> 1	Probable Revenue Gain from <i>Game, Fish, Water Safety Ac</i> 9	Probable (Cost) from <i>Game, Fish, Water Safety Ac</i> 9
2010	(\$390,642)	\$390,642	(\$322,875)
2011	(\$412,597)	\$412,597	(\$343,474)
2012	(\$412,597)	\$412,597	(\$343,474)
2013	(\$412,597)	\$412,597	(\$343,474)
2014	(\$412,597)	\$412,597	(\$343,474)

Fiscal Analysis

The bill would amend the Parks and Wildlife Code and the Tax Code relating to the collection by the Texas Parks and Wildlife Department (TPWD) of taxes imposed on the sales and use of boats and boat motors and to the disposition of those taxes. The bill would allow TPWD to retain additional tax revenue necessary to cover the cost of fees charged by credit card companies in the collection of boat sales tax for those customers opting to use a credit card for payment. At this time, TPWD does not offer credit card as a payment option for boat sales taxes. The bill would also allow TPWD to retain 100 percent of boat sales taxes collected through TPWD law enforcement investigations; currently TPWD is allowed to retain 5 percent.

The bill would result in a revenue loss from General Revenue of \$390,642 in fiscal year 2010 and \$412,597 in fiscal year 2011 and each year thereafter offset by a corresponding increase to the General Revenue-Dedicated Game, Fish and Water Safety Account No. 9. Costs to pay credit card transaction fees are expected to be \$322,875 in fiscal year 2010 and \$343,474 in fiscal year 2011 and each year thereafter. The bill would take effect September 1, 2009.

Methodology

TPWD indicates it collected approximately \$57.4 million in sales tax revenue associated with boats and boat motors in fiscal year 2008. Using this figure as a baseline for fiscal year 2010, this analysis estimates that approximately 25 percent of the transactions would be paid with a credit card (\$14.35 million). TPWD indicates credit card companies charge a fee of 2.25 percent of overall transaction amounts resulting in an estimated increase in revenue to the General Revenue-Dedicated Game, Fish and Water Safety Account No. 9 of \$322,875 (2.25 percent x \$14.35 million). This analysis assumes growth in sales tax revenue of 6.38 percent in fiscal year 2011, which will result in additional revenue to the Game, Fish, and Water Safety Account No. 9 \$343,474 in fiscal year 2011 and each year thereafter (no additional growth in sales tax revenue has been made for the purposes of this analysis.) This additional revenue is offset by a revenue loss that would have otherwise been deposited into General Revenue.

TPWD would incur an additional cost of \$322,875 in fiscal year 2010 and \$343,474 in fiscal year 2011 and each year thereafter from the Game, Fish and Water Safety Account No. 9 for payment of the transaction fees to credit card companies.

In addition to these amounts, this analysis assumes an additional \$67,767 in fiscal year 2010 and \$69,123 in fiscal year 2011 and each year thereafter in sales taxes recovered due to law enforcement investigations. (TPWD indicates from fiscal years 2006-08, the department averaged \$71,334 each year in sales taxes recovered due to law enforcement investigations.) The additional revenue to the Game, Fish and Water Safety Account No. 9 is offset by revenue that would have otherwise been deposited to General Revenue.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 802 Parks and Wildlife Department

LBB Staff: JOB, ZS, TB, SD