

House Bill 464
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

SECTION 1. Chapter 314, Government Code, is amended by adding Section 314.005 to read as follows:

Sec. 314.005. DYNAMIC FISCAL IMPACT STATEMENT ON TAX OR FEE MEASURE. (a) The board shall prepare a dynamic fiscal impact statement for each bill or joint resolution:

(1) that raises or lowers the rate or amount of a tax or fee or proposes an amendment to the Texas Constitution that would raise or lower the rate or amount of a tax or fee; and

(2) for which a fiscal note is prepared indicating a positive or negative impact on revenue of at least \$100 million during a period not to exceed five years.

(b) The dynamic fiscal impact statement must, based on dynamic scoring principles, project for the five-year period beginning on the proposed effective date of the change in the rate or amount of the tax or fee the estimated fiscal and economic impacts of raising or lowering the rate or amount of the tax or fee as proposed, including the impact on:

(1) tax or fee receipts; and

(2) the costs of the specific program, if any, that the tax or fee is designed to directly support.

(c) In this section, "dynamic scoring principles" means a method of estimating the pace of economic growth or the change in the aggregate level of economic output and incomes, in response to a change in the rate or amount of a tax or fee, that takes into consideration factors including:

(1) the direct impact on tax or fee receipts and, if the tax

SENATE VERSION

SECTION 1. Chapter 314, Government Code, is amended by adding Section 314.005 to read as follows:

Sec. 314.005. DYNAMIC FISCAL IMPACT STATEMENT ON TAX OR FEE MEASURE. (a) The board shall prepare a dynamic fiscal impact statement for each bill or joint resolution:

(1) that raises or lowers the rate or amount of a tax or fee or proposes an amendment to the Texas Constitution that would raise or lower the rate or amount of a tax or fee; and

(2) for which a fiscal note is prepared indicating a positive or negative impact on revenue of at least \$75 million annually.

(b) The dynamic fiscal impact statement must, based on dynamic scoring principles, project for the five-year period beginning on the proposed effective date of the change in the rate or amount of the tax or fee the estimated fiscal and economic impacts of raising or lowering the rate or amount of the tax or fee as proposed, including the impact on:

(1) tax or fee receipts; and

(2) the costs of the specific program, if any, that the tax or fee is designed to directly support.

(c) In this section, "dynamic scoring principles" means a method of estimating the pace of economic growth or the change in the aggregate level of economic output and incomes, in response to a change in the rate or amount of a tax or fee, that takes into consideration factors including:

(1) the direct impact on tax or fee receipts and, if the tax

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or fee is designed to directly support a specific program, on program costs;

(2) the effects on incentives to work, save, invest, and conduct economic affairs;

(3) the resulting change in the overall level of economic activity;

(4) the impact of the resulting higher or lower level of economic activity on tax or fee receipts and, if the tax or fee is designed to directly support a specific program, on program costs; and

(5) a calculation of the net impact of the legislation proposing the change on the unified budget.

(d) The dynamic fiscal impact statement must be attached to the bill or resolution immediately following the fiscal note attached under Section 314.003.

(e) On the fifth anniversary of the effective date of a bill that becomes law for which a dynamic fiscal impact statement was prepared under this section, the comptroller shall prepare and submit to the presiding officer of each house of the legislature a report that assesses the accuracy of the relevant fiscal note prepared for the bill and the accuracy of the relevant dynamic fiscal impact statement prepared for the bill.

SECTION 2. Section 314.004(c), Government Code, is amended to read as follows:

(c) The impact statement must be attached to the bill or resolution immediately following:

(1) the fiscal note attached under Section 314.003; or

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or fee is designed to directly support a specific program, on program costs;

(2) the effects on incentives to work, save, invest, and conduct economic affairs;

(3) the resulting change in the overall level of economic activity;

(4) the impact of the resulting higher or lower level of economic activity on tax or fee receipts and, if the tax or fee is designed to directly support a specific program, on program costs; and

(5) a calculation of the net impact of the legislation proposing the change on the unified budget.

(d) The dynamic fiscal impact statement must be attached to the bill or resolution immediately following the fiscal note attached under Section 314.003.

(e) On the fifth anniversary of the effective date of a bill that becomes law for which a dynamic fiscal impact statement was prepared under this section, the comptroller shall prepare and submit to the presiding officer of each house of the legislature a report that assesses the accuracy of the relevant fiscal note prepared for the bill and the accuracy of the relevant dynamic fiscal impact statement prepared for the bill.

Same as House version.

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<u>(2) if a dynamic fiscal impact statement is prepared under Section 314.005, the dynamic fiscal impact statement.</u>		
SECTION 3. This Act takes effect September 1, 2009.	Same as House version.	