

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

March 7, 2011

TO: Honorable Harvey Hilderbran, Chair, House Committee on Ways & Means

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

IN RE: HB353 by Burnam (Relating to certain reimbursements and discounts provided for collection and payment of sales and use taxes.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB353, As Introduced: a negative impact of (\$428,600,000) through the biennium ending August 31, 2013.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2012	(\$569,000,000)
2013	\$140,400,000
2014	\$147,600,000
2015	\$149,900,000
2016	\$160,300,000

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>General Revenue Fund 1</i>	Probable Revenue Gain/(Loss) from <i>Cities</i>	Probable Revenue Gain/(Loss) from <i>Transit Authorities</i>	Probable Revenue Gain/(Loss) from <i>Counties</i>
2012	(\$569,000,000)	(\$110,900,000)	(\$34,600,000)	(\$12,400,000)
2013	\$140,400,000	\$27,300,000	\$8,600,000	\$3,100,000
2014	\$147,600,000	\$28,700,000	\$9,000,000	\$3,200,000
2015	\$149,900,000	\$29,200,000	\$9,100,000	\$3,200,000
2016	\$160,300,000	\$31,200,000	\$9,800,000	\$3,500,000

Fiscal Year	Probable Revenue Gain/(Loss) from <i>Other Special Districts</i>
2012	(\$7,000,000)
2013	\$1,700,000
2014	\$1,800,000
2015	\$1,800,000
2016	\$1,900,000

Fiscal Analysis

This bill would amend Chapter 151 of the Tax Code, regarding the sales and use tax.

The bill would provide annual limits on the amounts that a taxpayer could retain as filing discounts

under this chapter. A taxpayer would be limited to \$312.50 per fiscal year under Section 151.423 (the timely filer discount), and \$3,906.25 per fiscal year under Section 151.424 (the prepayment discount). The limits would apply to the total of discounts on state and local tax remittances.

The bill would take effect September 1, 2011.

Methodology

Historical data from Comptroller tax files were analyzed to determine the portion of sales tax remittances that would result in timely filer discounts in excess of the proposed limit. The calculated overage was deducted from the annual amounts of the discount anticipated in the 2012-13 Biennial Revenue Estimate to reflect the estimate fiscal implication of this provisions.

Historical data from Comptroller tax files on amounts of sales tax prepayments were analyzed with respect to the annual rate of return implied by the proposed limit. The revenue gain from limitation of the discount was determined by subtracting the amount of discount that would be due to taxpayers that remain in prepayer status from the annual amounts of the discount anticipated in the Biennial Revenue Estimate. This estimated gain, in fiscal 2012, would be offset by a cash flow slow down that would occur as taxpayers move from prepayer to regular filer status because the proposed limit would result in an annual rate of return too low for prepayment of sales tax to be economic to taxpayers.

Technology

There would be a one-time technology cost of \$3,300,000 in fiscal year 2012 for programming and project management.

Local Government Impact

There would be a proportional loss of local district sales tax revenue in FY 2012 and proportional gain of local district sales tax revenue in every year after FY 2012.

Source Agencies: 304 Comptroller of Public Accounts

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