

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION**

**April 8, 2011**

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

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

**IN RE: HB476** by King, Phil (Relating to the retention of the \$1 million total revenue exemption for the franchise tax.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB476, As Introduced: an impact of \$0 through the biennium ending August 31, 2013.

**The bill will have a direct impact of a revenue loss to the Property Tax Relief Fund beginning in fiscal year 2012. 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:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2012	\$0
2013	\$0
2014	\$0
2015	\$0
2016	\$0

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Revenue (Loss) from Property Tax Relief Fund 304</b>
2012	(\$73,900,000)
2013	(\$76,000,000)
2014	(\$77,600,000)
2015	(\$77,800,000)
2016	(\$78,400,000)

**Fiscal Analysis**

The bill would amend Chapter 171 of the Tax Code, regarding the franchise tax, by increasing the amount of total revenue at which a taxable entity would owe no tax. The amount in current law effective for reports due in 2012 and later is \$600,000. This bill would raise the amount to \$1,000,000 subject to the adjustment provided in Section 171.006.

The bill would accomplish the change in law by repealing provisions in current law that reset the total revenue amount for no tax due to \$600,000 from \$1,000,000 for reports due after January 1, 2012.

This bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1,

2011.

### **Methodology**

The estimated fiscal impact of the bill is based on data reported on the 2009 franchise tax reports from taxable entities with total revenue between \$600,000 and \$1,000,000. The estimated fiscal impact would be the same for immediate effect or for a September 1, 2011 effective date.

### **Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** JOB, KK, SD