

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

March 28, 2011

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

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

IN RE: HB1894 by Quintanilla (Relating to customs brokers.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1894, As Introduced: a positive impact of \$9,500,000 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	\$4,700,000
2013	\$4,800,000
2014	\$4,900,000
2015	\$4,900,000
2016	\$5,000,000

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain from <i>General Revenue Fund 1</i>	Probable Revenue Gain from <i>Foundation School Fund 193</i>	Probable Revenue Gain from <i>Cities</i>	Probable Revenue Gain from <i>Transit Authorities</i>
2012	\$4,400,000	\$300,000	\$800,000	\$200,000
2013	\$4,500,000	\$300,000	\$800,000	\$200,000
2014	\$4,600,000	\$300,000	\$800,000	\$200,000
2015	\$4,600,000	\$300,000	\$800,000	\$200,000
2016	\$4,700,000	\$300,000	\$800,000	\$200,000

Fiscal Year	Probable Revenue Gain from <i>Counties and Special Districts</i>
2012	\$100,000
2013	\$100,000
2014	\$100,000
2015	\$100,000
2016	\$100,000

Fiscal Analysis

The bill would amend Chapter 151, Tax Code, relating to customs brokers. Provisions of the bill would implement recommendations from the report, "Strengthen Sales Tax Enforcement Related to Customs Brokers and Increase the Charge for Export Stamps," in the Legislative Budget Board's *Government Effectiveness and Efficiency Report*, submitted to the Eighty-Second Texas

Legislature, 2011.

The bill would eliminate the requirement that the comptroller provide an alternate method of documentation the website for such documentation is unavailable. The bill would provide that the comptroller may suspend or revoke a customs broker license if the licensee does not comply with statute or issues false documentation. The bill would add requirements for documentation of exported property in numerous ways: personal identification indicating foreign residence would be required to have a unique identification number; the purchaser and customs broker or authorized employee would be required to sign documentation in the presence of each other; the documentation would be required to disclose in English and Spanish that state law requires that both the sales receipt and all property for which exemption is being claimed be presented to the broker or authorized employee, that the form must be signed in the presence of each other by both the purchaser and the broker or authorized employee and that the form is being signed under penalty of perjury; that the form contain a signature block that requires the broker's license number and the purchaser's identification number; that the purchaser be required to acknowledge each disclosure item by signing next to each item. The bill would require that the export form be notarized.

The bill would provide that a customs broker or authorized employee may issue or deliver documentation only for property that is listed on a single receipt, and that such documentation must include a declaration that the customs broker or authorized employee inspected the property and the original receipt for the property. The bill would require that customs broker premises and advertisements must include notice in English and Spanish that the purchaser must produce all property at the time the form is signed. The bill would increase the export stamp fee from \$1.60 to \$3.20. The additional \$1.60 would be distributed as follows: \$0.50 to be spent by the comptroller only for enforcement of laws relating to customs brokers and \$1.10 to be deposited to the credit of the foundation school fund. Money unspent by the comptroller would be credited to the general revenue fund. The bill would repealed the statutory section relating to the timing of refunds.

The bill would take effect September 1, 2011.

Methodology

The estimated number of export certificates was adjusted to reflect the change expected from the elimination of the ability to combine multiple receipts for refund claims, multiplied by \$3.20, and from this the amount of export stamp revenue expected under current law was subtracted to estimate the amount of revenue gain from the increase in the stamp fee. To this was added the gain from the reduction in refund claims associated with single receipts for small purchases that would not warrant refund requests and due to more stringent documentation requirements. The bill would have no administrative cost.

Technology

The bill would have no technology impact.

Local Government Impact

The local government impact is shown above.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, KK, JI, RS