

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 26, 2011

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

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

IN RE: HB3201 by Davis, Yvonne (Relating to the periodic evaluation of certain exemptions from property taxes and state taxes and the application of the sunset review process to those exemptions.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3201, As Introduced: a negative impact of (\$310,150) through the biennium ending August 31, 2013.

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
2012	(\$155,075)
2013	(\$155,075)
2014	(\$155,075)
2015	(\$155,075)
2016	(\$155,075)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from General Revenue Fund 1	Change in Number of State Employees from FY 2011
2012	(\$155,075)	2.0
2013	(\$155,075)	2.0
2014	(\$155,075)	2.0
2015	(\$155,075)	2.0
2016	(\$155,075)	2.0

Fiscal Analysis

The bill would require the Sunset Commission to review certain exemptions from property taxes and state taxes. The Commission would be required to periodically evaluate each exemption provided by Chapters 11, 151, 152, 162, 171, 201, and 202 of the Tax Code. The reviews would be conducted according to a schedule adopted by the Commission on or before January 1, 2012. The schedule must provide for the Commission to evaluate each tax exemption at an interval not to exceed six years. The Commission must evaluate each exemption's effect on revenue received from taxes; the entities that received the exemption; sales of property, goods, and services; and economic investment and growth. The Commission would be required to make recommendations for retaining or repealing each of the exemptions. The bill would take effect immediately if it receives a vote of two-thirds of all members of each house, or September 1, 2011 if it does not receive the two-thirds vote.

Methodology

Staff, production, and associated costs are estimated based on historical costs related to similar-sized reviews. The estimate also assumes the Commission would incur costs to contract for actuarial and economic expertise not currently available on staff.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 116 Sunset Advisory Commission

LBB Staff: JOB, KK, SD