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: **HB3608** by Kuempel (Relating to a franchise tax credit for contributions to programs for at-risk youth.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3608, As Introduced: an impact of $0 through the biennium ending August 31, 2013.

The bill will have a direct impact of a revenue loss of ($19,450,000) from the Property Tax Relief Fund during the 2012-13 biennium. The loss would be required to be made up with an equal amount of General Revenue to fund the Foundation School Program.

General Revenue-Related Funds, Five-Year Impact:

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

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from *Property Tax Relief Fund* 304
2012	$0
2013	($19,450,000)
2014	($19,450,000)
2015	($19,450,000)
2016	($19,450,000)

Fiscal Analysis

The bill would amend Chapter 171 of the Tax Code, regarding the franchise tax, to add a franchise tax credit for contributions to programs for at-risk youth. The bill would define the local community for a taxable entity. The bill would provide a franchise tax credit to a taxable entity for a contribution to a program designated by its local community that provides certain services to children in at-risk situations and the families of those children as described in the Family Code or under criteria developed by the local community. The services the program provides would be limited to those described in Section 264.302(f) of the Family Code or certain other services identified by the local community. The amount of credit is equal to the amount of the contribution subject to a limit of $5,000 of franchise tax due for a report. The Comptroller would adopt a form to apply for the credit.

A taxable entity would not be allowed to assign or transfer the credit to another taxable entity.

The bill would take effect on January 1, 2012, and apply to a franchise tax report due on or after that date.

Methodology

There would be no fiscal impact in 2012 because the contributions made and credits earned after the bill's effective date could not be used until 2013 or later. The estimated fiscal impact after 2012 is based on information from the Department of Family and Protective Services and on information from the Comptroller's franchise tax databases.

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