LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION
Revision 1

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TO: Honorable Jim Pitts, Chair, House Committee on Appropriations

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

IN RE: **HB3640** by Pitts (relating to the remittance and allocation of certain taxes and fees.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3640, Committee Report 1st House, Substituted: a positive impact of $1,388,635,000 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	$0
2013	$1,388,635,000
2014	($1,388,635,000)
2015	$0
2016	$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from *General Revenue Fund* 1	Probable Revenue Gain/(Loss) from *Available School Fund* 2	Probable Revenue Gain/(Loss) from *State Highway Fund* 6
2012	$0	$0	$0
2013	$1,455,804,000	($67,169,000)	($201,508,000)
2014	($1,455,804,000)	$67,169,000	$201,508,000
2015	$0	$0	$0
2016	$0	$0	$0

Fiscal Analysis

The bill would amend various codes relating to the remittance and allocation of certain taxes and fees.

Sections 1 through 5 of the bill would amend various chapters of the Alcoholic Beverage Code relating to airline beverage, passenger train beverage, liquor and beer tax, to require taxpayers in August 2013, for each of the specified taxes, to remit a prepayment of taxes due to be remitted in September 2013 equal to 25 percent of the amount the taxpayer is required to remit during August 2013, in addition to the tax payment otherwise required in August 2013. The prepayment would be taken as a credit against taxes due in September 2013.

Sections 6 and 7 would amend Chapter 151 of the Tax Code relating to tax due dates and report dates to provide for a 25 percent prepayment of the sales and use tax in August 2013 and an offsetting credit in September 2013. The prepayment would be required of taxpayers who pay by electronic funds transfer and who do not prepay as provided by Section 151.424.

Sections 8 through 11 would amend various sections of Chapter 162 of the Tax Code to require tax remittances for a portion of the gasoline and diesel fuel taxes that would have been due in September 2013 to be paid in August 2013. The taxpayer would be required to remit on August 28, 2013 an amount equal to 25 percent of the tax for motor fuel removed at the terminal rack during July 2013. The bill would stipulate that for both taxes the Comptroller could not allocate revenue during August 2013 as otherwise required under Chapter 162 before the first workday of September 2013.

Section 12 would amend Chapter 171 of the Tax Code, regarding the franchise tax, by adding Section 171.153 requiring a prepayment of the tax from taxable entities remitting electronically. The bill would define "large taxable entity" as one that is required by rule to make tax payments by electronic funds transfer, and would require a large taxable entity to prepay a portion of franchise taxes to be remitted in May 2014. The amount of the prepayment would be 25 percent of the amount the taxable entity owed on an annual franchise tax report originally due May 15, 2012. The prepayment would be due not later than July 31, 2013. A taxable entity that made a required payment could take a credit on the report due May 15, 2014, equal to the amount of the prepayment. A large taxable entity that fails to timely remit the payment would be assessed a 10 percent penalty. The Comptroller would be directed to deposit revenue from the prepayment to General Revenue Fund 0001.

Section 13 would amend Section 183.023 of the Tax Code, related to Mixed Beverage taxes to require taxpayers in August 2013 to remit a prepayment of taxes due to be remitted in September 2013 equal to 25 percent of the amount the taxpayer is required to remit during August 2013 in addition to the tax payment otherwise required in August 2013. The prepayment would be taken as a credit against taxes due in September 2013.

The provisions of this bill would expire September 1, 2015.

The bill would take effect September 1, 2011.

Methodology

The fiscal impacts were based on the Comptroller's 2012-13 Biennial Revenue Estimate. The table above represents the cumulative effect of all provisions of the bill. The individual effects of each section are listed below.

The provisions relating to Alcoholic Beverage taxes would produce a gain to GR of $17,581,000 in fiscal year 2013 and a loss to GR of $17,581,000 in fiscal year 2014.

The provisions relating to Sales and Use taxes would produce a gain to GR of $231,200,000 in fiscal year 2013 and a loss to GR of $231,200,000 in fiscal year 2014.

The provisions relating to Franchise taxes would produce a gain to GR of $871,200,000 in fiscal year 2013 and a loss to GR of $871,200,000 in fiscal year 2014.

The provisions relating to Motor Fuels taxes would produce a gain to GR of $335,823,000, a loss to the Available School Fund of $67,169,000, and a loss to the State Highway Fund of $201,508,000 in fiscal year 2013. The provisions would create a loss to GR of $335,823,000, a gain to the Available School Fund of $67,169,000, and a gain to the State Highway Fund of $201,508,000 in fiscal year 2014.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts

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