LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

May 24, 2011

TO: Honorable David Dewhurst, Lieutenant Governor, Senate

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

IN RE: **SB1811** by Duncan (Relating to certain state fiscal matters; providing penalties.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1811, As Passed 2nd House: a positive impact of $2,539,059,446 through the biennium ending August 31, 2013.

The bill would also result in a $2,177,620,000 loss to the Property Tax Relief Fund 304 for the biennium ending August 31, 2013. The bill would have a net positive impact of $361,439,446 in General Revenue Related Funds for the biennium.

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	$125,044,360
2013	$2,414,015,086
2014	$93,225,396
2015	$94,904,886
2016	$98,905,646

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/ (Cost) from *General Revenue Fund* 1	Probable Savings/ (Cost) from *Appropriated Receipts* 666	Probable Savings/ (Cost) from *State Highway Fund* 6	Probable Savings/ (Cost) from *New General Revenue Dedicated - Oil and Gas*
2012	$35,114,776	($750,000)	($7,731,075)	($50,300,000)
2013	$36,798,333	($250,000)	($7,731,075)	($50,300,000)
2014	$36,946,893	$0	$0	($50,300,000)
2015	$36,798,333	$0	$0	($50,300,000)
2016	$36,943,893	$0	$0	($50,300,000)

Fiscal Year	Probable Savings/ (Cost) from *Oil-field Cleanup Acct* 145	Probable Savings/ (Cost) from *Federal Funds* 555	Probable Savings/ (Cost) from *Foundation School Fund* 193	Probable Revenue Gain/(Loss) from *General Revenue Fund* 1
2012	$27,500,000	$1,427,405	$0	$89,929,584
2013	$27,500,000	$1,606,538	$2,101,788,000	$275,428,753
2014	$27,500,000	$1,606,538	$0	$56,278,503
2015	$27,500,000	$1,606,538	$0	$58,106,553
2016	$27,500,000	$1,606,538	$0	$61,961,753

Fiscal Year	Probable Revenue Gain/(Loss) from *Petro Sto Tank Remed Acct* 655	Probable Revenue Gain/(Loss) from *State Parks Acct* 64	Probable Revenue Gain/(Loss) from *New General Revenue Dedicated - Oil and Gas*	Probable Revenue Gain/(Loss) from *Oil-field Cleanup Acct* 145
2012	$21,124,000	$1,600,000	$80,500,000	($55,201,000)
2013	$23,663,000	$1,600,000	$50,300,000	($25,111,000)
2014	$23,807,000	$1,600,000	$50,300,000	($25,268,000)
2015	$23,937,000	$1,600,000	$50,300,000	($25,483,000)
2016	$2,007,000	$1,600,000	$50,300,000	($25,696,000)

Fiscal Year	Probable Revenue Gain/(Loss) from *Tx Preservation Trust Acc* 664	Probable Revenue Gain/(Loss) from *Insurance Trust Fund 0973*	Probable Revenue Gain/(Loss) from *DIR Clearing Fund Account - AR* 8122	Probable Revenue Gain/(Loss) from *Telecommunications Revolving - AR* 8123
2012	$10,089,461	$24,024,457	$272,351	$226,863
2013	$0	$24,024,457	$256,572	$221,938
2014	$0	$24,024,457	$0	$0
2015	$0	$24,024,457	$0	$0
2016	$0	$24,024,457	$0	$0

Fiscal Year	Probable Revenue Gain/(Loss) from *DIR Clearing Fund Account - IAC* 8124	Probable Revenue Gain/(Loss) from *Telecommunications Revolving - IAC* 8125	Probable Revenue Gain/(Loss) from *Statewide Technology Account - IAC* 8126	Probable Revenue Gain/(Loss) from *Tobacco Education/Enforce* 5044
2012	$116,722	$1,550,119	$365,729	$10,532,519
2013	$109,960	$1,506,890	$344,541	$28,481,408
2014	$0	$0	$0	$0
2015	$0	$0	$0	$0
2016	$0	$0	$0	$0

Fiscal Year	Probable Revenue Gain/(Loss) from *Children & Public Health* 5045	Probable Revenue Gain/(Loss) from *Ems & Trauma Care Account* 5046	Probable Revenue Gain/(Loss) from *Oper & Chauffeurs Lic Ac* 99	Probable Revenue Gain/(Loss) from *Cities*
2012	$5,281,258	$5,281,258	$0	$1,000,000
2013	$14,240,704	$14,240,704	$0	$1,700,000
2014	$0	$0	($21,300,000)	$2,100,000
2015	$0	$0	($21,300,000)	$2,700,000
2016	$0	$0	($21,300,000)	$3,300,000

Fiscal Year	Probable Revenue Gain/(Loss) from *Transit Authorities*	Probable Revenue Gain/(Loss) from *Counties and Special Districts*	Probable Revenue Gain/(Loss) from *Property Tax Relief Fund* 304	Probable Revenue Gain/(Loss) from *Jud & Court Training Fd* 540
2012	$400,000	$200,000	($1,075,293,000)	($11,716,000)
2013	$600,000	$300,000	($1,102,327,000)	($10,660,000)
2014	$600,000	$400,000	($1,047,327,000)	($10,734,000)
2015	$800,000	$500,000	($1,050,327,000)	($10,818,000)
2016	$1,000,000	$600,000	($1,059,327,000)	($10,892,000)

Fiscal Year	Probable Revenue Gain/(Loss) from *New General Revenue Dedicated Judicial Education Account*	Change in Number of State Employees from FY 2011
2012	$11,716,000	(20.0)
2013	$10,660,000	(20.0)
2014	$10,734,000	(20.0)
2015	$10,818,000	(20.0)
2016	$10,892,000	(20.0)

Fiscal Analysis

Article 1 would implement a recommendation in the report, "End the Use of General Revenue Funds to Pay for Insurance Company Examinations," in the Legislative Budget Board's Government Effectiveness and Efficiency Report, submitted to the Eighty-second Texas Legislature, 2011, by repealing insurance premium tax credits for examination fees. As amended by amendment 1 on third reading, this provision would apply to examination fees or evaluations paid in calendar year 2012 or 2013 and the provision would expire on January 1, 2014.

Article 2 would require the Health and Human Services Commission (HHSC) to use appropriate technology to confirm the identity of applicants and prevent duplicative participation in the financial assistance program and the supplemental nutrition assistance program. The bill would repeal the requirement for fingerprint-imaging or photo-imaging for adult and teen applicants for these programs.

Article 3, relating to tax records, would amend the Occupations Code and the Tax Code to extend the amount of time that taxpayers must keep records. Specifically, Section 111.0041 of the Tax Code would be amended to extend the time to at least four years that taxpayers would be required to maintain records to substantiate and verify a claim regarding the taxes, penalties, and interest. Conforming changes would be made elsewhere in the Tax Code and the Occupations Code.

Article 4 of the bill would amend the Code of Criminal Procedure Article 103.0033 by transferring audit responsibilities for the court-related Collection Improvement Program (CIP) from the Comptroller of Public Accounts (CPA) to the Office of Court Administration (OCA). This article is effective September 1, 2011. Amendment 1 authorizes service fees related to criminal investigations.

Article 5, relating to the penalties for failure to report or remit certain taxes or fees, would amend the Tax Code and the Health and Safety Code to add a penalty of $50 for a person who fails to file certain reports required under the codes. The penalty would be in addition to any other authorized penalties, and without regard to whether the person subsequently files the report or whether any taxes or fees were due. The bill's provisions would apply to several taxes including the sales and use tax and motor vehicle rental and seller financed taxes.

Article 6 would defer the Foundation School Program (FSP) payment to school districts scheduled for August of fiscal year 2013 to not earlier than September 5th of the following fiscal year. Article 6 would also repeal the lottery speed up to the Foundation School Program.

Article 7 of the bill would move the deadline for businesses to transfer unclaimed property to the Comptroller from November 1 to July 1. As a result, three unclaimed property transfers would occur in the 2012-13 biennium. There would be two transfers in all future biennia, but with a new July 1st transfer deadline.

Article 8, regarding voter registration, would amend Chapters 18 and 19 of the Election Code to remove the requirement that the Secretary of State (SOS) notify the Comptroller's Office of statutory noncompliance by voting registrars, and when a registrar has corrected the violation and is in substantial compliance; remove the requirement that registrars submit notices to the Comptroller regarding voter registrations; replace the Comptroller with the SOS in making authorized payments to registrars; and repeal Section 19.002(c), which allows the Comptroller to require proof before issuing a warrant.

Article 9, regarding certain powers and duties of the Comptroller of Public Accounts, to expand the Comptroller's warrant hold offset authority to include state employee lump sum payments.

Article 10, regarding preparation and publication of certain reports and other materials, would amend Chapter 61 of the Education Code and Chapter 5 of the Tax Code to require the electronic publication of various reports. The Comptroller would be allowed to charge a reasonable fee to offset the costs of preparing materials. The bill repeals Sections 51.607, regarding implementation of new or amended court costs or fees, 403.030, regarding information on economic development activities, and 552.143 (e) of the Government Code; and Chapter 379A of the Local government Code, regarding a report to the Comptroller by municipal development corporations.

Article 11 would change the period for the sales and use tax holiday from the period beginning at 12:01 a.m. on the third Friday in August and ending at 12 a.m. on the following Sunday, to a period beginning at 12:01 a.m. on the first Friday in August and ending at 12 a.m. on the following Sunday.

Article 12, regarding surplus lines and independently procured insurance, would amend Chapter 225 and 226 of the Insurance Code to comply with the requirements of the Nonadmitted and Reinsurance Reform Act (NRRA) of 2010. Under the provisions of the bill, this state could not impose a premium tax on nonadmitted insurance for policies in which this state is not the home state of the insured. If this state has not entered into a cooperative agreement or compact with another state for the collection of nonadmitted insurance tax, the tax would be computed on the entire premium for any policy in which this state is the home state. If this state has entered into a cooperative agreement or compact with another state, taxes due on multi-state policies would be allocated in accordance with the agreement or compact. The bill would allow the Comptroller to establish an alternate basis for taxation of nonadmitted policies for the purposes of achieving uniformity. The bill would repeal Insurance Code Sections 225.004(d) and (d-1), and Sections 226.053(b-1) and (c), which would conflict with the provisions of NRRA.

Article 13, regarding obesity intervention and prevention program, would amend Chapter 403 of the Government Code to add Subchapter Q establishing this program. The bill would direct the Comptroller to establish and administer the obesity intervention and prevention grant program and study, and submit a report to the Legislature not later than January 1 of each odd-numbered year regarding the effectiveness of the grant program. The Comptroller would adopt rules as necessary for the administration of this Subchapter.

New article added by amendment 2 would direct the General Land Office to offer certain state property for sale not later than August 31, 2013. The specific properties cited are currently held by the following agencies: Texas Department of Criminal Justice (TDCJ); Texas Department of Transportation (TXDOT); Texas Facilities Commission; Health and Human Services Commission; Parks and Wildlife Department; and the Department of Aging and Disability Services (DADS). The bill conditions the offer of the TXDOT property on the agency vacating the properties. The offer for sale of TDCJ property is conditioned upon the prohibition of funding for the continuation of operations at certain facilities during the next biennium. The bill removes the statutory use dedication for land included in the Bull Creek property maintained by TFC for cemetery purposes. The removal of this dedication is necessary for the land to be marketable for general sale. The bill directs all proceeds from the sale of identified properties to be deposited to the credit of the general revenue fund and would take effect September 1, 2011.

New article added by amendment 3 would end eligibility to redeem Early High School Graduation

Scholarships awards issued prior to fiscal year 2012 effective for fiscal year 2018 and would close the program to new awards effective for fiscal year 2012. The bill would eliminate automatic transfers of funding from the Foundation School Program (FSP) to the Texas Higher Education Coordinating Board (THECB) for purposes of funding certain tuition exemption programs and repeal section 56.210 of the Education Code.

New article added by amendment 4 would change the required content of the annual report for the Texas Emerging Technology Fund, change committee appointment procedures, require financial statements and specify committee meetings procedures.

New article added by amendment 5 relates to state fiscal matters related to natural resources and the environment. Amendment 6 would cap TAHC fees at $6 million for the biennium and amendment 7 would cap how much of the $1 safety fee authority could be used for gas utility regulation at 5 cents.

New article added by amendment 8 would amend Government Code, Chapter 501, to decrease the number of public members appointed to the Correctional Managed Health Care Committee from nine to six, and require the committee to take certain actions relating to contracts.

New article added by amendment 9 is related to state fiscal matters affecting general government.

New article added by amendment 14 repeals funding for the Texas Wine Marketing Assistance Program.

New article added by amendment 15 relates to law enforcement and custodial officer retirement funds and redirects court cost revenue from General Revenue-Dedicated Fund 99 to other funds, effective September 1, 2013.

New article added by amendment 16 provides certain purchasing services on a fee for service basis or through benefit funding and reduces Comptroller's documentation and report costs.

New article added by amendment 19 would amend Chapter 151 of the Tax Code regarding the sales and use tax collection allocation and extends previous franchise tax credits.

New article added by amendment 22 relates to a tax on retail or commercial business and amends Section 56.001(b) of the Government Code.

New article added by amendment 45 relates to the format of the General Appropriations Act.

New article added by amendment 52 prohibits the implementation of the greenhouse gas emissions regulatory program.

New article added by amendment 53 would reduce state Medicaid and other healthcare costs by prohibiting smoking in certain public places including the Texas State Capitol building and would exclude fraternal organizations, bingo halls, and billiard halls.

New article added by amendment 64 would implement management improvements at certain agencies.

New article added by amendment 68 and 69 would continue the Chapter 313 Economic Development Act until 2016.

New article added by amendment 72 would amend the allocation of mixed beverage tax reimbursements to cities effective September 1, 2013.

New article added by amendment 73 provides that a taxable entity would have no franchise tax liability for a period in which the entities taxable income was $0.

New article added by amendment 74 repeals tax refunds for economic development, expands franchise tax exclusions to include certain live performing artists and applies the franchise tax to certain S corporations as defined by Section 1361, Internal Revenue Code.

New article added by amendment 75 relates to the treatment of certain exempt organizations for sales and use tax purposes, and exempts certain coins and precious metals from sales and use tax.

New article added by amendment 78 includes an agricultural property tax exemption for bee keeping.

New article added by amendment 82 would provide a homestead exemption for surviving veteran spouses.

New article added by amendment 83 would create a fiscal stability commission.

New article added by amendment 84 would dedicate gains accrued from the enactment of SB 1811, Eighty-Second Regular Session to the Foundation School Program.

New article added by amendment 85 relates to state fiscal matters related to the judiciary. Amendment 86 sunsets juror pay at the end of the 2012-13 biennium.

New article added by amendment 87 waives sovereign immunity for certain claims under written with state agencies.

New article added by amendment 88 extends the small business franchise tax exemption.

New article added by amendment 89 would apply the franchise tax to the cost of goods sold for abortion providers and would require the supreme court and certain county courts to determine state costs for attorneys ad litem and appointed to represent minors in judicial bypass abortion proceedings.

New article added by amendment 3 on third reading would establish a student priority for scholarships awarded from student success-based funds.

New article added by amendment 5 on third reading would dedicate funds to the Foundation School Fund contingent on the availability of other revenue.

These acts would take effect September 1, 2011 unless otherwise noted.

Methodology

Article 1 would result in a revenue gain of $7.2 million in General Revenue Related Funds in the 2012-13 biennium. To estimate the provisions of Article 1, data from TDI and the Comptroller were used to calculate the amount of examination fee and overhead assessment credits that would be available, the proportion of available examination fee credits that would be applied towards premium tax liability under current law, and the extent to which the repeal of these credits would increase the use of other types of premium tax credits. It is assumed examination fees and overhead assessment credits earned prior to the effective date of this bill would be applicable to premium tax liabilities due in fiscal 2012. It is further assumed that this bill would take effect before TDI overhead assessments are posted (in effect that the bill passes with two-thirds majority votes in both houses of the Legislature). Amendment 1 on third reading would sunset the provisions of article 1 on January 1, 2014, which would result in no revenue gain beyond fiscal year 2014.

Article 2 would result in savings of $3.1 million in General Revenue Funds in the 2012-13 biennium. The Health and Human Services Commission (HHSC) assumes implementation of the provisions Article 2 on September 1, 2011. Based on HHSC estimates, All Funds net savings are estimated to be$2,899,462 in fiscal year 2012 and $3,263,331 in each subsequent fiscal year. Savings in General Revenue Funds are estimated to be $1,472,057 in fiscal year 2012 and $1,656,793 in each subsequent fiscal year. HHSC indicates the Texas Integrated Eligibility Redesign System (TIERS) provides an alternative means of identifying duplicate participation, including electronic verifications of identity and other personal information. It is therefore assumed that HHSC can meet the verification requirements of the bill without additional costs. Based on HHSC estimates, elimination of the fingerprint-imaging requirement would reduce time spent by staff on processing eligibility for these programs, resulting in a reduction of training costs, salaries and benefits, operating and travel costs, miscellaneous overhead costs and full-time-equivalent technology-related costs totaling an estimated savings of $1,699,518 in All Funds each year for 37full-time equivalents. Savings associated with the Lone Star Imaging Services (fingerprint-imaging) contract are estimated at $1,102,444 in fiscal year 2012 and $1,338,813 in each subsequent fiscal year. Additional savings relating to data center services supporting the Lone Star Imaging Services contract are estimated at $225,000 each year. Modification of HHSC's automated eligibility system, Texas Integrated Eligibility Redesign System (TIERS) is estimated to require a one-time cost of $127,500 in All Funds in fiscal year 2012.

The Comptroller estimates that the provisions of Article 3 relating to tax records would result in a revenue gain of $11 million in General Revenue Funds the 2012-13 biennium.

The Comptroller estimates that the provisions of Article 4 relating to the Collection Improvement Program would result in a revenue gain of $9 million in General Revenue Funds in the 2012-13 biennium. Article 4 of the bill would transfer the auditing of the court-related Collection Improvement Program (CIP) function from the Comptroller of Public Accounts (CPA) to the Office of Court Administration (OCA). When the mandatory CIP was created by legislation in 2005, the CPA received appropriations for eight full-time equivalents (FTEs) to fulfill the related auditing functions. It is assumed that eight FTEs, Auditor IV positions, would be needed at OCA at a salary cost of $54,498 per FTE per fiscal year, with a total salary cost of $435,984 to General Revenue per year. Additional expenses include travel, at a cost of $80,000 per year; other operating expenses, at a cost of $13,840-$14,640 per year; and equipment costs for computers at a cost $19,824 in fiscal year 2012 with a four-year replacement schedule. In addition, benefits would cost $121,465 per fiscal year. The estimated cost to OCA for the auditing function is approximately $671,913 in fiscal year 2012 and $651,289 in subsequent fiscal years. The CPA reports that redirecting the existing staff currently performing court collections audits to taxpayer audits would result in additional General Revenue to the state of: $5.1 million in fiscal year 2012; $5.2 million in fiscal year 2013; $5.3 million in fiscal year 2014; $5.5 million in fiscal year 2015; and $5.7 million in fiscal year 2016. Since existing CPA staff will be redirected to taxpayer audits, for purposes of this analysis, it is assumed that the OCA would require additional funding and FTEs, as previously described, to assume the auditing function currently performed by CPA staff. Amendment 1 authorizes service fees related to criminal investigations and the CPA estimates a gain of $10.3 million in General Revenue Related funds in the 2012-13 biennium.

The Comptroller estimates that article 5 of the bill relating to penalties for failure to remit certain taxes or fees would result in gain of $13.2 million in General Revenue Funds for the 2012-13 binnium.

According to the Comptroller, under current law funding of the FSP, this deferral would result in a one-time savings of $2.2 billion in General Revenue Funds in fiscal year 2013. In article 6 of the bill, the effect of deferring the August FSP payment in fiscal year 2013 to September of the following fiscal year is that a total of 23 monthly FSP payments would be dispersed during the 2012-13 biennium. However, any statutory reduction to school districts' FSP entitlements would decrease the savings gained from this deferral. The repeal of the lottery speed up to the FSP would result in a cost of $100 million in General Revenue Funds in the 2012-13 biennium.

In Article 7, moving the unclaimed property transfer deadline to July 1 from November 1 would result in a one-time gain of $200 million in General Revenue Funds in fiscal year 2013. The estimate reflects the impact of changes in the unclaimed property determination and transfer date and was developed using Comptroller data.

New article added by amendment 2 would result in a revenue gain of $82.4 million in General Revenue Funds in the 2012-13 biennium. This analysis assumes property sale values based on current General Land Office (GLO) property evaluation appraisals. GLO reports that the properties would be re-appraised prior to being placed for sale to determine their market value at the time of offer and anticipates that some properties could require a market value reduction due to the condition of the existing structures.

The Texas Public Finance Authority (TPFA) reports that two of the listed properties, the Marlin Robert E. Lee and Wortham Twin Circle Group Homes, remain subject to land use and sale restrictions created by the use of tax-exempt bonds to finance the facilities. To avoid a conflict with the existing bond restrictions, these properties could be sold no sooner than September 30, 2011. Additionally, three other properties (Central Unit, Parking Garages B and G, and the Bolm Road Warehouse) included in the bill have outstanding bond debt that is not scheduled to be paid off during the next biennium. Revenue from the sale of these properties would first be applied to the outstanding debt; the tables above reflect this reduction in revenue. TPFA reports that in-house staff costs associated with the bond review of the identified sales could be met with existing resources.

House Bill 1, as engrossed, contains a prohibition for funding of the operation of the Central Unit, which would trigger the sale of this property per the provisions of the bill. The Texas Department of Criminal Justice reports that the operational fiscal impact of selling the Central Unit is dependent on the offender population during the next biennium, and cannot be determined.

The Department of Transportation reports that sale of the Bull Creek Camp Hubbard Annex would require the agency to expand their campus in Cedar Park and retrofit space at the Camp Hubbard facility to relocate the existing Bull Creek operations. These projects are included in the tables above as State Highway Fund costs.

The Texas Facilities Commission reports that the sale of the Bolm Road Warehouse would require the agency to relocate the state surplus property program to another state facility. These costs are shown in the table above as appropriated receipts costs based on the current method of finance for that program.

Current uses of the Service Station, Parking Garages B and G, and the Marlin Robert E. Lee Group Home and Wortham Twin Circle Group Home result in annual revenue for the owner agencies. The annual revenue loss from sale of these properties is included in the tables shown above.

Disposition costs related to the sale of the identified properties cannot be determined and are not included in the tables above. Disposition costs vary from property to property and are typically no more than 10 percent of the final property sales value.

New article added by amendment 3 would result in savings of $10.2 million in General Revenue Related Funds in the 2012-13 biennium. Students who receive Early High School Graduation Scholarships have six years from the date of the award in which to apply the scholarship to eligible higher education expenses. The Texas Higher Education Coordinating Board estimates about $10.6 million in unredeemed awards that have not yet expired. For purposes of this estimate, it is assumed that one-fifth of those awards are redeemed each fiscal year beginning in fiscal year 2012. Based on that assumption and annual state cost for the program in recent fiscal years of $7.2 million, provisions closing the Early High School Graduation Scholarship program to new awards effective for fiscal year 2012 is estimated to reduce state cost by $5.1 in General Revenue annually. The savings from the provision is assumed in CSHB 1.

According to the CPA, new article added by amendment 5 relating to the petroleum product delivery fee, would result in a revenue gain of $45.7 million in General Revenue Related Funds for the 2012-13 biennium.

According to the CPA, new article added by amendment 9 relating to state fiscal matters affecting general government would result in a revenue gain of $7.1 million in General Revenue Funds in the 2012-13 biennium.

New article added by amendment 14 relating to alcoholic beverage regulation would result in a revenue gain of $0.5 million in General Revenue Funds in the 2012-13 biennium.

New article added by amendment 15 relating to law enforcement, would result in a revenue loss of $42.6 million in General Revenue Related Funds in the 2012-13 biennium.

According to the CPA, new article added by amendment 16 relating to purchasing services, would result in a revenue gain of $16 million in General Revenue Related Funds for the 2012-13 biennium.

According to the CPA, new article added by amendment 19 relating to the sales tax and nexus, would result in a revenue gain of $16 million in General Revenue Related Funds for the 2012-13 biennium and would result in a loss of $6.8 million to the Property Tax Relief Fund.

New article added by amendment 46 would result in a cost of $0.6 million in General Revenue Funds in the 2012-13 biennium.

According to the CPA, new article added by amendment 72 would provide mixed beverage tax reimbursements to cities and is expected to result in a cost to General Revenue Funds beginning in fiscal year 2014.

According to the CPA, new article added by amendment 73 relating to franchise tax liability, would result in a revenue loss of $2 billion in General Revenue Funds in the 2012-13 biennium.

According to the CPA, new article added by amendment 74 relating to the repeal of tax refunds for economic development, would result in a net revenue loss of $5.0 million in General Revenue Related Funds in the 2012-13 biennium.

According to the CPA, new article added by amendment 75 relating to certain exempt organizations, would result in a revenue loss of $4.9 million in General Revenue Funds in the 2012-13 biennium.

According to the CPA, amendment 76 relating to the tax exemption for certain precious metals, would result in a revenue loss of $1.5 million in General Revenue Funds in the 2012-13 biennium.

New article added by amendment 85 relating to state fiscal matters related to the judiciary would result in a revenue gain of $22.4 million in General Revenue Related funds for the 2012-13 biennium.

According to the CPA, new article added by amendment 88 relating to small business tax exemptions, would result in a revenue loss of $149.9 million in General Revenue Related Funds in the 2012-13 biennium.

Technology

Net savings for technology in Article 2 are estimated to be $470,980 over the 2012-13 biennium. This includes a savings of $148,480 associated with decreased workload; a savings of $450,000 related to data center services supporting the Lone Star Imaging Services contract; and a one-time cost of $127,500 in fiscal year 2012 to modify HHSC's automated eligibility system, TIERS.

The Comptroller of Public Accounts (CPA) anticipates a one-time technology cost of $400,000 in fiscal year 2012 programming and project maintenance.

Local Government Impact

For Article 6 regarding certain foundation school program payments, the Texas Education Agency anticipates that school districts would have to wait until September to receive their final monthly payment for prior school year. The delay in the August payment might cause some difficulties with cash flow; however, districts have experienced similar situations before.

For Article 13 regarding the Obesity Intervention and Prevention Program at the CPA, TEA anticipates that school districts that applied for and received grant awards from the CPA for obesity intervention and prevention programs would be required to collect and report data as required by the comptroller. There would be some administrative costs to collect and report new data to the CPA but these costs would be voluntary based on application for a grant, and it is assumed that any administrative costs would be offset by grant funding.

Regarding new article added by amendment 2, the transition of any of these properties from government use to private use would allow local government entities in the related areas to begin collecting property tax on the value of the properties. The amount of local tax collection increases cannot be determined as it would depend on various local property tax rates and the final appraised value of the property resulting from a non-governmental use.

Source Agencies:
LBB Staff: JOB, KK, JI, ACl, JJ