

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

March 13, 2013

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB71 by Fletcher (Relating to the classification of automotive repair shops as primarily engaged in retail trade for purposes of the franchise tax.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB71, As Introduced: an impact of \$0 through the biennium ending August 31, 2015.

Additionally, the bill will have a direct impact of a revenue loss to the Property Tax Relief Fund of (\$15,189,000) for the 2014-15 biennium. Any loss to the Property Tax Relief Fund must 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
2014	\$0
2015	\$0
2016	\$0
2017	\$0
2018	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from Property Tax Relief Fund 304
2014	(\$7,579,000)
2015	(\$7,610,000)
2016	(\$7,752,000)
2017	(\$7,615,000)
2018	(\$7,553,000)

Fiscal Analysis

The bill would amend Chapter 171 of the Tax Code, regarding the franchise tax, by adding to the definition of "retail trade" the activities classified in Industry Group 753 in the 1987 Standard Industrial Classification Manual.

The bill would take effect on January 1, 2014, and apply to franchise tax reports due on or after that date.

Methodology

In the 1987 Standard Industrial Classification Manual, Group 753 covers automotive repair shops. The bill's provisions would permit this group of taxpayers to use a tax rate of 0.5 percent rather than 1.0 percent. Data from the Comptroller's franchise tax files for taxable entities classified as automotive repair shops were used to estimate the fiscal impact.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

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