

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

March 24, 2013

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB1431 by White (Relating to the exclusion of certain funds in determining total revenue for purposes of the franchise tax by taxable entities engaged in the business of harvesting trees for wood.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1431, 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 (\$2,050,000) 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 | (\$1,000,000) |
| 2015 | (\$1,050,000) |
| 2016 | (\$1,100,000) |
| 2017 | (\$1,150,000) |
| 2018 | (\$1,200,000) |

Fiscal Analysis

The bill would amend Chapter 171 of the Tax Code, regarding the franchise tax, to add an

exclusion from total revenue for taxable entities primarily engaged in the business of harvesting trees for wood. Such taxable entities would be required to exclude from total revenue payments made to a person who owns or controls the land from which the trees are harvested, provided that person is not the taxable entity.

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

Methodology

The estimated fiscal impact is based on information in the Comptroller's franchise tax databases for taxable entities in the timber and logging industry.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD