

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION**

**April 15, 2013**

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

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE:** **HB1475** by Hilderbran (relating to the exclusion of certain flow-through payments related to petroleum and mineral interests in determining total revenue for purposes of the franchise tax.), **Committee Report 1st House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB1475, Committee Report 1st House, Substituted: 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 (\$1,827,000) 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:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2014	\$0
2015	\$0
2016	\$0
2017	\$0
2018	\$0

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Revenue (Loss) from Property Tax Relief Fund 304</b>
2014	(\$912,000)
2015	(\$915,000)
2016	(\$933,000)
2017	(\$916,000)
2018	(\$909,000)

**Fiscal Analysis**

The bill would amend Chapter 171 of the Tax Code, regarding the franchise tax.

The bill would add a provision to Section 171.1011(g), which deals with exclusions from total revenue for calculating franchise tax. The bill would provide that a taxable entity primarily engaged in the business of performing landman services would exclude from total revenue subcontracting payments made by the taxable entity to nonemployees for the performance of landman services on behalf of the taxable entity. The bill would provide a definition of "landman services".

The bill would take effect on January 1, 2014, and apply to a report due on or after that date.

### **Methodology**

The estimated fiscal impact is based on franchise tax data for taxable entities that likely use subcontractors for performing services of a petroleum landman.

### **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