

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: HB2451 by King, Tracy O. (relating to the exclusion by taxable entities engaged in providing services as an agricultural aircraft operation of certain costs 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 HB2451, 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 (\$288,000) 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 <i>Property Tax Relief Fund</i> 304
2014	(\$144,000)
2015	(\$144,000)
2016	(\$147,000)
2017	(\$144,000)
2018	(\$143,000)

Fiscal Analysis

The bill would amend Chapter 171 of the Tax Code, regarding the franchise tax, by adding an exclusion from total revenue for taxable entities primarily engaged in the business of providing services as an agricultural aircraft operation. The exclusion would be for the cost of labor, equipment, fuel, and materials used in providing those services.

The bill would take effect 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 from taxable entities providing agricultural aircraft services.

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