

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 1, 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 allowance of cost of goods sold deductions in connection with agricultural aircraft operation.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2451, 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 (\$274,000) 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	(\$137,000)
2015	(\$137,000)
2016	(\$140,000)
2017	(\$137,000)
2018	(\$136,000)

Fiscal Analysis

The bill would amend Chapter 171 of the Tax Code, regarding the franchise tax, by adding a provision for a cost of goods sold deduction certain taxable entities. A taxable entity that

furnishes labor or materials in connection with an agricultural aircraft operation would be considered the owner of the labor and materials and would include those costs in the calculation of cost of goods sold.

The bill would take effect on January 1, 2014, and only 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 aviation 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