

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

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

**April 8, 2013**

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

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

**IN RE:** **HB2684** by Button (Relating to an exemption from the franchise tax for certain political subdivision corporations.), **As Introduced**

<p><b>No significant fiscal implication to the State is anticipated.</b></p>
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This bill would amend Chapter 171 of the Tax Code, regarding the franchise tax, to provide an exemption from the tax for a political subdivision corporation formed under Section 304.001 of the Local Government Code. The cited section of the Local Government Code allows political subdivisions to jointly form a political subdivision corporation to act as an agent to negotiate the purchase of electricity, or to act on behalf of the political subdivisions with respect to their own electricity use for public facilities.

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

The Comptroller's franchise tax data files contained no instances indicative of political subdivision corporations which have owed tax.

**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