

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

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

**May 4, 2013**

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

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

**IN RE: HB3388** by Hilderbran (relating to the computation of costs of goods sold for purposes of the franchise tax by certain taxable entities engaged in film or motion picture exhibition.), **Committee Report 1st House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB3388, 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 (\$5,992,000) 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	(\$2,990,000)
2015	(\$3,002,000)
2016	(\$3,058,000)
2017	(\$3,004,000)
2018	(\$2,979,000)

**Fiscal Analysis**

This bill would amend Chapter 171 of the Tax Code, regarding the franchise tax, by including

additional costs that may be subtracted as a cost of goods sold for taxable entities that are movie theaters. The additional costs would be those in relation to the acquisition, production, exhibition, or use of a film or motion picture, including expenses for the right to use the film or motion picture.

The bill would take effect September 1, 2011.

### **Methodology**

The estimated fiscal impact is based on data from the Comptroller's franchise tax databases for taxable entities that are movie theaters.

### **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