

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 14, 2013

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB3409** by Dutton (Relating to a periodic review and expiration dates of state and local tax preferences.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend the Government Code to add new Chapter 320A, regarding the review of state and local tax preferences.

The bill would define a "tax preference" for this chapter's provisions. The bill would require a Select Commission on Periodic Tax Preference Review to identify each state and local tax preference; develop a review schedule where each identified tax preference is reviewed once every six years; and revise the schedule biennially by adding tax preferences that have been enacted or authorized since the most recent schedule and removing tax preferences that have expired.

The Commission would be composed of five members of the House of Representatives appointed by the Speaker of the House; five members of the Senate appointed by the Lieutenant Governor; and the Comptroller.

The bill would require that the tax preference review determine the intended purpose of a tax preference; evaluate whether the tax preference accomplishes its intended purpose and whether the intended purpose could be accomplished through a more cost-effective method; and evaluate the effect of the tax preference on economic development.

The bill would require the Commission to provide the appropriate committees in the Legislature with a preliminary report on the tax preferences no later than September 1 of each even-numbered year, with comments by the committees to be submitted no later than October 15. The bill would require that the final report be delivered to the Governor, the Senate Finance Committee, and the House Ways and Means Committee, no later than December 1 of each even-numbered year. The bill would require that the report contain proposed legislation regarding the recommendations of the Commission.

The bill would provide that a tax preference included in a final report expires on the second anniversary of the date of that report unless reauthorized by law.

The bill would provide that each tax preference that takes effect or is reauthorized on or after September 1, 2014 would expire in six years, unless the Legislature provides for an earlier or later expiration date.

The bill would take effect January 1, 2014, but only if the constitutional amendment proposed by the 83rd Legislature, Regular Session, 2013, requiring the Legislature to provide for a periodic review of state and local tax preferences and providing for the expiration of certain tax preferences six years after their effective dates or at another time prescribed by the Legislature is approved by the voters. If that amendment is not approved by the voters, this bill would have no effect.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

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