

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

March 28, 2013

TO: Honorable Tommy Williams, Chair, Senate Committee on Finance

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB100 by Patrick (Relating to the total revenue exemption for the franchise tax.), As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for SB100, 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 (\$992,325,000) 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	(\$495,147,000)
2015	(\$497,178,000)
2016	(\$506,510,000)
2017	(\$497,525,000)
2018	(\$493,457,000)

Fiscal Analysis

The bill would amend Chapter 171 of the Tax Code, regarding the franchise tax, to increase the amount of total revenue below which a taxable entity would owe no tax to \$5 million for reports

due in 2014 and later. The amount in current law is \$600,000.

The bill would repeal sections of Chapter 171 which would not be relevant with a permanent \$5 million total revenue base for owing no franchise tax, to include provisions for tax liability discounts for taxable entities with total revenue between \$600,000 and \$900,000; adjustments to the tax liability discount revenue limits based on changes in the consumer price index; and the availability of the tax liability discounts for taxable entities filing the EZ form.

The bill would take effect on January 1, 2014 and apply to reports due on or after that date.

Methodology

The estimated fiscal impact of the bill is based on data from franchise tax reports from taxable entities with total revenue between \$600,000 and \$5,000,000.

Technology

The Comptroller indicates there would a one-time technology cost of \$73,000 in fiscal year 2014 for programming maintenance and system support costs.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

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