

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 29, 2013

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

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

**IN RE:** SB1252 by Patrick (Relating to a sales and use tax exemption for certain tangible personal property and services related to mineral exploration and production.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB1252, As Introduced: a negative impact of (\$20,100,000) through the biennium ending August 31, 2015.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2014	(\$9,400,000)
2015	(\$10,700,000)
2016	(\$11,200,000)
2017	(\$11,800,000)
2018	(\$12,400,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from General Revenue Fund 1	Probable Revenue (Loss) from Cities	Probable Revenue (Loss) from Transit Authorities	Probable Revenue (Loss) from Counties and Special Districts
2014	(\$9,400,000)	(\$1,700,000)	(\$600,000)	(\$300,000)
2015	(\$10,700,000)	(\$2,000,000)	(\$700,000)	(\$300,000)
2016	(\$11,200,000)	(\$2,100,000)	(\$700,000)	(\$400,000)
2017	(\$11,800,000)	(\$2,200,000)	(\$700,000)	(\$400,000)
2018	(\$12,400,000)	(\$2,300,000)	(\$800,000)	(\$400,000)

Fiscal Analysis

The bill would amend Chapter 151, Tax Code, in relation to sales and use taxation of certain property and services related to mineral exploration and production.

Section 151.324(a) would be amended to provide exemption for machinery used to position, place, and hold certain exempt property used for offshore minerals exploration or production during assembly, fabrication, restoration, or repair of that property and for services necessary to

install, assemble, disassemble, or reassemble scaffolding used in the assembly, fabrication, restoration, or repair of such machinery and exempt property used for offshore minerals exploration or production.

A new Section 151.3241 would be added to govern taxation of divergent use of property exempt under Section 151.324(a)(3).

The bill would take effect September 1, 2013.

### **Methodology**

The bill would expand the current exemption provided by Sec. 151.324 for equipment used elsewhere for mineral exploration or production to apply to certain machinery and services used in relation to such equipment when that equipment is in this state. The fiscal implications of expanding the exemption to such related machinery and services were estimated proportionally to the estimate of the value of the current exemption as published in the Tax Exemptions and Tax Incidence Report of March, 2013.

### **Local Government Impact**

There would be a proportional loss of sales and use tax revenue to local taxing jurisdictions.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** UP, KK, SD