

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

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

**April 14, 2013**

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

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

**IN RE:** SB1330 by Estes (Relating to a sales and use tax exemption for tangible personal property used to provide cable television service, Internet access service, or telecommunications services and to the exclusion of that property in certain economic development agreements.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds for SB1330, As Introduced:** a negative impact of (\$814,200,000) 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	(\$380,500,000)
2015	(\$433,700,000)
2016	(\$453,200,000)
2017	(\$473,600,000)
2018	(\$494,900,000)

**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	(\$380,500,000)	(\$70,200,000)	(\$23,800,000)	(\$11,900,000)
2015	(\$433,700,000)	(\$80,000,000)	(\$27,200,000)	(\$13,600,000)
2016	(\$453,200,000)	(\$83,600,000)	(\$28,400,000)	(\$14,200,000)
2017	(\$473,600,000)	(\$87,400,000)	(\$29,700,000)	(\$14,900,000)
2018	(\$494,900,000)	(\$91,300,000)	(\$31,000,000)	(\$15,500,000)

**Fiscal Analysis**

The bill would amend Chapters 151 and 313, Tax Code, in relation to taxation of certain property used to provide cable television service, internet access service, and telecommunications service.

A new Section 151.3186 would be added to provide for exemption from sales and use tax of tangible personal property directly used or consumed in or during the distribution of cable television service, the provision of internet access service, or the transmission, conveyance, routing or reception of telecommunications services by the service provider or a subsidiary of the service provider. The exemption would not apply to items directly used or consumed in or during the provision, creation, or production of data processing or information services.

Section 313.021(2) would be amended to exclude property exempt under Section 151.3186 from a limitation on appraised value in an economic development agreement under Chapter 313.

The bill would take effect September 1, 2013.

### **Methodology**

Census Bureau data on telecommunications industry national capital expenditures on equipment and noncapitalized equipment and software expenditures was apportioned to Texas based on population, multiplied by the state sales tax rate, extrapolated through the forecast period, and adjusted for the effective date. Fiscal impacts on units of local government were estimated proportionally.

### **Local Government Impact**

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

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

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