

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 4, 2013

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB1465 by Estes (Relating to exempting certain amounts charged for certain cable television services from the sales and use tax.), **As Introduced**

<p>Estimated Two-year Net Impact to General Revenue Related Funds for SB1465, As Introduced: a negative impact of (\$440,600,000) through the biennium ending August 31, 2015.</p>

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2014	(\$207,100,000)
2015	(\$233,500,000)
2016	(\$241,400,000)
2017	(\$249,900,000)
2018	(\$258,700,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from General Revenue Fund
2014	(\$207,100,000)
2015	(\$233,500,000)
2016	(\$241,400,000)
2017	(\$249,900,000)
2018	(\$258,700,000)

Fiscal Analysis

The bill would amend Chapter 151 of the Tax Code regarding the state sales tax.

The bill would exempt up to the first \$75 dollars of a monthly charge on the sale, use, or other consumption of cable television service that is subject to a franchise fee authorized or governed by Chapter 66 of the Utilities Code, or 47 U.S.C. Sections 541 and 542. The provisions of the bill would apply regardless of if the cable television service is bundled with another service or the billing period used by the service provider. The exemption would also apply regardless of if the

service provider charges one lump-sum amount or separately bills the purchaser for each user.

The provisions of the bill would not apply to taxes imposed under Chapters 321, 322, or 323.

The bill would take effect September 1, 2013.

Methodology

Section 151.0033, Tax Code, defines "cable television service" as the distribution of video programming with or without the use of wires. This includes cable television service providers, telecommunication providers, and direct broadcast satellite service providers. The bill does not apply to satellite video programming service because satellite service providers are not subject to franchise fees.

Information was gathered regarding the current number of cable and video service subscribers in Texas and average monthly cable and video subscription charges. The resulting estimated annual revenue from services addressed by the bill was then adjusted for the exemption of up to the first \$75 of a monthly charge and the state sales tax rate applied. The amount yielded was extrapolated based on expected growth in population and inflation through 2018.

Local Government Impact

The bill explicitly states that the exemption does not apply to local sales and use taxes.

Source Agencies: 304 Comptroller of Public Accounts

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