

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 21, 2015

TO: Honorable Dennis Bonnen, Chair, House Committee on Ways & Means

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB31** by Bonnen, Dennis (relating to decreasing the state sales and use tax rate.),
Committee Report 1st House, Substituted

Estimated Two-year Net Impact to General Revenue Related Funds for HB31, Committee Report 1st House, Substituted: a negative impact of (\$2,660,000,000) through the biennium ending August 31, 2017.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2016	(\$1,190,000,000)
2017	(\$1,470,000,000)
2018	(\$1,550,000,000)
2019	(\$1,650,000,000)
2020	(\$1,760,000,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from <i>General Revenue Fund</i> 1	Probable Revenue (Loss) from <i>State Highway Fund</i> 6	Probable Revenue Gain from <i>Cities</i>	Probable Revenue Gain from <i>Transit Authorities</i>
2016	(\$1,190,000,000)	(\$1,800,000)	\$9,200,000	\$3,100,000
2017	(\$1,470,000,000)	(\$2,200,000)	\$9,800,000	\$3,300,000
2018	(\$1,550,000,000)	(\$2,200,000)	\$10,400,000	\$3,600,000
2019	(\$1,650,000,000)	(\$2,200,000)	\$11,100,000	\$3,800,000
2020	(\$1,760,000,000)	(\$2,200,000)	\$11,800,000	\$4,000,000

Fiscal Year	Probable Revenue Gain from <i>Counties and Special Districts</i>
2016	\$1,700,000
2017	\$1,800,000
2018	\$1,900,000
2019	\$2,000,000
2020	\$2,200,000

Fiscal Analysis

The bill would amend Section 151.051 of the Tax Code, to decrease the sales tax rate to 5.95 percent. The current rate is 6.25 percent.

The bill would take effect October 1, 2015.

Methodology

The forecasts of revenues for the limited sales and use tax in the 2016-17 *Biennial Revenue Estimate* were adjusted for the rate change, extrapolated through 2020, and adjusted for the effective date.

Local Government Impact

The decrease in the state tax rate would be expected to result in a marginal increase in expenditures on taxable items and thus marginal increases in local sales and use tax revenues.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD