

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 13, 2015

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB746 by Bohac (Relating to the exclusion from total revenue of certain payments received by health care providers for purposes of computing the franchise tax.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB746, As Introduced: an impact of \$0 through the biennium ending August 31, 2017.

Additionally, the bill will have a direct impact of a revenue loss to the Property Tax Relief Fund of (\$38,278,000) for the 2016-17 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
2016	\$0
2017	\$0
2018	\$0
2019	\$0
2020	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from Property Tax Relief Fund 304
2016	(\$18,968,000)
2017	(\$19,310,000)
2018	(\$19,235,000)
2019	(\$19,593,000)
2020	(\$19,869,000)

Fiscal Analysis

The bill would amend Chapter 171 of the Tax Code, regarding the franchise tax, to require

institutional health care providers to exclude from total revenue 100 percent of payments received under certain health care payment programs and for the cost of uncompensated care. Under current law institutional health care providers exclude 50 percent of such payments and costs from total revenue.

The bill would take effect on January 1, 2016, and apply to reports due on or after that date.

Methodology

The estimated fiscal impact is based on an analysis of franchise tax report data for institutional health care providers.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

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