

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

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**May 25, 2015**

**TO:** Honorable Joe Straus, Speaker of the House, House of Representatives

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

**IN RE: HB1841** by Bonnen, Greg (Relating to the applicability of the sales and use tax to certain insurance services.), **As Passed 2nd House**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB1841, As Passed 2nd House: a negative impact of (\$2,000,000) 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	(\$1,000,000)
2017	(\$1,000,000)
2018	(\$1,000,000)
2019	(\$1,000,000)
2020	(\$1,000,000)

**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
2016	(\$1,000,000)	(\$184,000)	(\$63,000)	(\$34,000)
2017	(\$1,000,000)	(\$184,000)	(\$63,000)	(\$34,000)
2018	(\$1,000,000)	(\$184,000)	(\$63,000)	(\$34,000)
2019	(\$1,000,000)	(\$184,000)	(\$63,000)	(\$34,000)
2020	(\$1,000,000)	(\$184,000)	(\$63,000)	(\$34,000)

**Fiscal Analysis**

The bill would amend Section 151.0039 of the Tax Code, regarding sales and use taxes, to exclude from the definition of "insurance service" a service performed on behalf of an insured by a public insurance adjuster licensed under Chapter 4102, Insurance Code.

This bill would take effect October 1, 2015.

## **Methodology**

Comptroller data was collected on taxable sales in the insurance adjusting sector, and sales tax data was adjusted for the market share of public insurance adjusting in Texas. Sales tax loss data was extrapolated through 2020.

## **Local Government Impact**

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

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

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