

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 14, 2015

TO: Honorable Jane Nelson, Chair, Senate Committee on Finance

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 Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1841, As Engrossed: a negative impact of (\$13,880,000) 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	(\$6,800,000)
2017	(\$7,080,000)
2018	(\$7,370,000)
2019	(\$7,690,000)
2020	(\$8,030,000)

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	(\$6,800,000)	(\$1,250,000)	(\$430,000)	(\$230,000)
2017	(\$7,080,000)	(\$1,310,000)	(\$450,000)	(\$240,000)
2018	(\$7,370,000)	(\$1,360,000)	(\$470,000)	(\$250,000)
2019	(\$7,690,000)	(\$1,420,000)	(\$490,000)	(\$260,000)
2020	(\$8,030,000)	(\$1,480,000)	(\$510,000)	(\$270,000)

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: 1) performed on behalf of an insured by a public insurance adjuster licensed under Chapter 4102, Insurance Code, or 2) provided by a person certified as a public accountant under Chapter 901, Occupations Code.

The bill would take effect October 1, 2015.

Methodology

Comptroller data on taxable sales in the insurance services and accounting sectors were adjusted to shares expected to be exempted by the bill, multiplied by the state sales tax rate, and 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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