

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 6, 2015

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

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 Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1841, As Introduced: 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 <i>General Revenue Fund</i> 1	Probable Revenue (Loss) from <i>Cities</i>	Probable Revenue (Loss) from <i>Transit Authorities</i>	Probable Revenue (Loss) from <i>Counties and Special Districts</i>
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

LBB Staff: UP, KK