

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 27, 2015

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB1905** by Springer (Relating to the repeal of certain alcoholic beverage taxes and the tax on controlled substances.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1905, As Passed 2nd House: a negative impact of (\$896,000) 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	(\$437,000)
2017	(\$459,000)
2018	(\$452,000)
2019	(\$444,000)
2020	(\$438,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> 1	Probable Revenue (Loss) from <i>Available School Fund</i> 2	Probable Revenue (Loss) from <i>State Highway Fund</i> 6
2016	(\$244,000)	(\$193,000)	(\$578,000)
2017	(\$263,000)	(\$196,000)	(\$589,000)
2018	(\$251,000)	(\$201,000)	(\$602,000)
2019	(\$239,000)	(\$205,000)	(\$615,000)
2020	(\$228,000)	(\$210,000)	(\$630,000)

Fiscal Analysis

The bill would repeal certain alcoholic beverage taxes and the tax on controlled substances.

The bill would amend Chapters 34 (airline beverage permit) and 48 (passenger train beverage permit) of the Alcoholic Beverage Code to abolish the beverage service fee of five cents per serving of an alcoholic beverage served in Texas by the holder of an airline beverage permit or a passenger train beverage permit.

The bill would repeal Chapter 159 of the Tax Code, thereby abolishing the controlled substances tax, and would make conforming changes to Section 111.021 of the Tax Code and Section 411.109 of the Government Code.

The bill would repeal sections in Chapter 162 (motor fuel tax) of the Tax Code to abolish the liquefied gas tax, and would make conforming changes elsewhere in this code.

The bill would exempt certain motor vehicles used to provide transit services, including vehicles of a metropolitan rapid transit authority operating under Chapter 451 of the Transportation Code, or a regional transportation authority operating under Chapter 452 of the Transportation Code, from the compressed natural gas and liquefied natural gas (CNG/LNG) tax imposed under Subchapter D-1 of Chapter 162 of the Tax Code.

The bill would make conforming changes to the Transportation Code.

The bill would take effect September 1, 2015.

Methodology

The estimated fiscal impact provided by the Comptroller of Public Accounts (CPA), is based on the *2016-2017 Biennial Revenue Estimate*. Upon the bill's effective date, airlines and passenger trains serving alcoholic beverages would continue to be required to hold a permit issued by the Texas Alcoholic Beverage Commission. They no longer would remit the tax on the beverage service. The loss from repealing the liquefied gas tax and exempting certain motor vehicles from the CNG/LNG tax is based on Texas Department of Transportation, Public Transportation Division records; and a summer 2014 survey by the Natural Gas Section of the Railroad Commission, regarding the number of CNG/LNG transit vehicles that would be exempted under the provisions of the bill.

The repeal of the controlled substances tax would have no effect on revenue collections.

The CPA notes that repealing the controlled substances tax, when combined with the repeal of taxes on liquefied gas, oil regulation, sulphur, inheritances and fireworks, will allow the Comptroller to redeploy resources to audit and enforcement activities for other sources of revenue. According to CPA, redeploying these resources will generate revenue sufficient to offset revenue lost from repealing controlled substances and airline and passenger train beverage taxes.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD, AG