

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 20, 2015

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB2212** by Wray (relating to the repeal of certain state taxes; adding provisions subject to a criminal penalty), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2212, Committee Report 1st House, Substituted: a negative impact of (\$2,685,000) 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	(\$1,341,000)
2017	(\$1,344,000)
2018	(\$1,349,000)
2019	(\$1,353,000)
2020	(\$1,358,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> 1	Probable Revenue Gain/(Loss) from <i>Available School Fund</i> 2	Probable Revenue Gain/(Loss) from <i>State Highway Fund</i> 6
2016	(\$1,148,000)	(\$193,000)	(\$578,000)
2017	(\$1,148,000)	(\$196,000)	(\$589,000)
2018	(\$1,148,000)	(\$201,000)	(\$602,000)
2019	(\$1,148,000)	(\$205,000)	(\$615,000)
2020	(\$1,148,000)	(\$210,000)	(\$630,000)

Fiscal Analysis

The bill would amend the Occupations Code and the Tax Code to abolish certain state taxes, and make other changes.

The bill would repeal Section 2001.501 of the Occupations Code, regarding the bingo gross rental tax, and would make conforming changes elsewhere in this chapter. All other bingo-related fees

imposed by this chapter would be unchanged.

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.

This bill would take effect on September 1, 2015.

Methodology

The loss to the General Revenue Fund is based on the 2016-17 Biennial Revenue Estimate for the bingo rental tax and the liquefied gas tax. The loss is also 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 CPA notes that repealing the liquefied gas tax, when combined with the repeal of taxes on inheritances, controlled substances, oil regulation, sulphur, and fireworks, will allow the CPA 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 bingo gross rental and liquefied gas taxes.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 362 Texas Lottery Commission

LBB Staff: UP, KK, SD, AG