

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: HB2507 by Kacal (Relating to a sales and use tax exemption for certain equipment used for digital audio broadcasting.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2507, As Introduced: a negative impact of (\$830,000) 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	(\$760,000)
2017	(\$70,000)
2018	(\$70,000)
2019	(\$70,000)
2020	(\$70,000)

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	(\$760,000)	(\$140,000)	(\$46,000)	(\$25,000)
2017	(\$70,000)	(\$13,000)	(\$4,000)	(\$2,000)
2018	(\$70,000)	(\$13,000)	(\$4,000)	(\$2,000)
2019	(\$70,000)	(\$13,000)	(\$4,000)	(\$2,000)
2020	(\$70,000)	(\$13,000)	(\$4,000)	(\$2,000)

Fiscal Analysis

The bill would amend Section 151.3185 of the Tax Code to add new Subsection (g) to provide a sales and use tax exemption for certain digital audio broadcasting equipment.

Tangible personal property sold to an entity to which 47 C.F.R. Section 73.404(a) applies (licensed digital audio broadcasting stations that use the In-band On-channel system for broadcasting purposes) that is necessary to meet certain standards prescribed by federal law

would be exempt from sales and use tax.

The bill would take effect September 1, 2015.

Methodology

Information from industry sources regarding the expected frequency of radio station conversions to digital broadcasting, and the average cost, were used to estimate the fiscal implications of the proposed exemption.

SECTION 2 of the bill includes language asserting that the change in law is a clarification and that prior law is not to be construed otherwise; this language would serve as the basis for refund requests with respect to sales tax paid prior to the effective date of the bill. The estimate for the first year after enactment includes a reserve for refunds.

Local Government Impact

There would be a proportional loss of sales and use tax revenue from local taxing jurisdictions as shown in the above table.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD