

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 9, 2015

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3049 by Darby (relating to a sales and use tax exemption for certain cleaning services performed for a health care facility.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3049, Committee Report 1st House, Substituted: a negative impact of (\$2,980,000) through the biennium ending August 31, 2017, if the bill takes immediate effect; or a negative impact of (\$2,650,000) through the biennium ending August 31, 2017, if the effective date of the bill is September 1, 2015.

All Funds, Six-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>
2015	(\$220,000)	(\$40,000)	(\$10,000)	(\$10,000)
2016	(\$1,350,000)	(\$250,000)	(\$90,000)	(\$50,000)
2017	(\$1,410,000)	(\$260,000)	(\$90,000)	(\$50,000)
2018	(\$1,470,000)	(\$260,000)	(\$90,000)	(\$50,000)
2019	(\$1,540,000)	(\$280,000)	(\$100,000)	(\$50,000)
2020	(\$1,610,000)	(\$300,000)	(\$100,000)	(\$50,000)

The above table assumes the bill takes effect immediately. The table below assumes the bill takes effect on September 1, 2015.

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	(\$1,240,000)	(\$230,000)	(\$80,000)	(\$40,000)
2017	(\$1,410,000)	(\$260,000)	(\$90,000)	(\$50,000)
2018	(\$1,470,000)	(\$270,000)	(\$90,000)	(\$50,000)
2019	(\$1,540,000)	(\$280,000)	(\$100,000)	(\$50,000)
2020	(\$1,610,000)	(\$300,000)	(\$100,000)	(\$50,000)

Fiscal Analysis

The bill would amend Chapter 151 of the Tax Code, regarding sales and use taxes.

The bill would add Section 151.3502 to exempt, when performed for a health care facility, cleaning, janitorial, or custodial services performed inside the health care facility, and cleaning patient care equipment, tools, or devices.

The bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2015.

Methodology

The estimate is based on industry sources and disputed amounts in hearings regarding taxation of specialized cleaning or janitorial services performed for for-profit hospitals and health care facilities.

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, SD