

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**May 4, 2015**

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

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB3667** by Alonzo (Relating to a refund of state taxes for a horse racing or greyhound association that offers enhanced purses.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB3667, As Introduced: a negative impact of (\$10,586,000) 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	(\$5,261,000)
2017	(\$5,325,000)
2018	(\$5,398,000)
2019	(\$5,482,000)
2020	(\$5,576,000)

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Revenue (Loss) from <i>General Revenue Fund</i> 1	Probable Revenue (Loss) from <i>Counties</i>	Probable Revenue (Loss) from <i>Cities</i>
2016	(\$5,261,000)	(\$124,000)	(\$87,000)
2017	(\$5,325,000)	(\$129,000)	(\$87,000)
2018	(\$5,398,000)	(\$135,000)	(\$88,000)
2019	(\$5,482,000)	(\$141,000)	(\$88,000)
2020	(\$5,576,000)	(\$149,000)	(\$89,000)

**Fiscal Analysis**

The bill would amend Article 179e of Vernon's Texas Civil Statutes (Texas Racing Act) to allow a horse or greyhound racing association to be eligible for a refund of sales tax, franchise tax, mixed beverage tax, and the state's portion of simulcast pari-mutual pool in an amount equal to the lesser of the purse enhancement offered by the association during the preceding calendar year or the total amount of the taxes paid to the state by the association during that year.

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

### **Methodology**

There are seven licensed horse and greyhound associations in Texas. This estimate assumes each association will offer purse enhancement in an amount to be entitled to claim a full refund of each tax this bill allows to be refunded. Sales, franchise, and mixed beverage tax refunds are based on historic collections for each association. The state share of greyhound and horse simulcast pari-mutuel refund is based on the 2016-17 *Biennial Revenue Estimate*.

### **Local Government Impact**

There would be a loss of mixed beverage tax revenue from cities and counties.

**Source Agencies:** 304 Comptroller of Public Accounts, 476 Racing Commission

**LBB Staff:** UP, KK, SD, JLi