

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:** HB3923 by Wray (Relating to ready-mix concrete trucks.), As Introduced

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB3923, As Introduced: an impact of \$0 through the biennium ending August 31, 2017.

**Additionally, the bill will have a direct impact of a revenue loss to the Property Tax Relief Fund of (\$2,628,000) for the 2016-17 biennium. Any loss to the Property Tax Relief Fund must be made up with an equal amount of General Revenue to fund the Foundation School Program.**

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2016	\$0
2017	\$0
2018	\$0
2019	\$0
2020	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from <i>Property Tax Relief Fund</i> 304
2016	(\$1,301,000)
2017	(\$1,327,000)
2018	(\$1,353,000)
2019	(\$1,380,000)
2020	(\$1,408,000)

Fiscal Analysis

The bill would amend Chapter 171 of the Tax Code, regarding the franchise tax, by adding to the activities included under "production" for the cost of goods sold subtraction in determining franchise tax liability. The added activity is the manufacture of a good while in transit and affects

ready-mix concrete trucks. The bill would amend the list of costs included in cost of goods sold to include production costs allocable to the manufacture of a good while in transit.

The bill would amend Subsection 622.011(a) of the Transportation Code regarding the definition of "ready-mix concrete truck" to substitute "while manufacturing" for "and manufacture," and to add "a volumetric ready-mix concrete truck" to the definition.

The bill's franchise tax provisions would only apply to a report originally due on or after January 1, 2016.

The bill would take effect September 1, 2015.

### **Methodology**

The estimated fiscal impact is based on information from the Texas Aggregates & Concrete Association and on the Comptroller's franchise tax data bases.

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts

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