

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

March 2, 2015

TO: Honorable Jane Nelson, Chair, Senate Committee on Finance

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB8 by Schwertner (Relating to the total revenue exemption for the franchise tax.), As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for SB8, 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 (\$759,826,000) 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 Property Tax Relief Fund 304
2016	(\$376,514,000)
2017	(\$383,312,000)
2018	(\$381,807,000)
2019	(\$388,913,000)
2020	(\$394,392,000)

Fiscal Analysis

This bill would amend Chapter 171 of the Tax Code, regarding the franchise tax, by increasing the amount of total revenue below which a taxable entity would owe no tax. The current level is \$1

million, and this bill would raise the amount to \$4 million.

Methodology

The estimated fiscal impact of the bill is based on franchise tax liability of taxable entities with total revenue between \$1 million and \$4 million.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

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