

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:** SB757 by Perry (Relating to the repeal of the production taxes on crude petroleum and sulphur.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB757, As Introduced: a negative impact of (\$10,947,000) 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	(\$5,374,000)
2017	(\$5,573,000)
2018	(\$5,572,000)
2019	(\$5,672,000)
2020	(\$5,724,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from General Revenue Fund 1	Probable Revenue (Loss) from Foundation School Fund 193
2016	(\$4,437,750)	(\$936,250)
2017	(\$4,624,250)	(\$948,750)
2018	(\$4,611,000)	(\$961,000)
2019	(\$4,698,750)	(\$973,250)
2020	(\$4,738,250)	(\$985,750)

Fiscal Analysis

The bill would amend Chapter 81 of the Natural Resources Code to abolish the oil regulation tax on crude oil produced in this state.

The bill would also amend Chapter 203 of the Tax Code to abolish the sulphur production tax on sulphur produced in this state.

The bill would take effect September 1, 2015.

**Methodology**

The oil regulation tax in the amount of three-sixteenths of one cent on each barrel of crude oil produced from the state would be abolished. The severance tax on sulphur in the amount of \$1.03 a long ton or fraction of a long ton of sulphur produced in this state would be abolished. The fiscal impact estimates were based on the 2016-17 *Biennial Revenue Estimate*.

The sulphur production tax is an occupation tax, thus 25 percent of the tax is constitutionally dedicated to the Foundation School Fund. This revenue loss from the Foundation School Fund is displayed in the above table.

The Comptroller's office has indicated that repealing the oil regulation and sulphur production taxes, when combined with the repeal of taxes on liquefied gas, controlled substances, inheritances, and fireworks, will allow the Comptroller to redeploy resources to audit and enforcement activities for other sources of revenue. It is expected that redeploying these resources will generate revenue sufficient to offset revenue lost from repealing oil regulation and sulphur production taxes.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

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

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