

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

**FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION**

**March 22, 2017**

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

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

**IN RE: SB1083** by Perry (Relating to the applicability of the sales and use tax to certain insurance services.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB1083, As Introduced: a negative impact of (\$30,000) through the biennium ending August 31, 2019.

**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2018	\$0
2019	(\$30,000)
2020	(\$30,000)
2021	(\$30,000)
2022	(\$30,000)

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

Fiscal Year	Probable Revenue (Loss) from <i>General Revenue Fund</i> <b>1</b>	Probable Revenue (Loss) from <i>State Highway Fund</i> <b>6</b>
2018	\$0	(\$20,000)
2019	(\$30,000)	\$0
2020	(\$30,000)	\$0
2021	(\$30,000)	\$0
2022	(\$30,000)	\$0

**Fiscal Analysis**

The bill would amend Chapter 151 of the Tax Code, regarding sales and use taxation of certain insurance services.

Section 151.0039 would be amended to exclude from the definition of "insurance service", and thus from taxability, a service performed by a licensed certified public accountancy firm, if less than one percent of the firm's revenue in a calendar year is from services that otherwise constitute insurance service.

The bill would take effect January 1, 2018.

### **Methodology**

The fiscal implications were estimated based on Comptroller data for sales tax remittances from certified public accountancy firms and audit experience regarding provision of taxable insurance services by such firms.

Pursuant to Proposition 7 (2015), any sales tax collections in excess of \$28 billion and less than \$30.5 billion will be deposited into the State Highway Fund. Because total 2018 collections are projected to fall in that range, the 2018 revenue loss is from the State Highway Fund instead of General Revenue.

Fiscal implications for units of local government would be negligible.

### **Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

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

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