

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

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**

**May 3, 2019**

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

**FROM:** John McGeady, Assistant Director    Sarah Keyton, Assistant Director  
Legislative Budget Board

**IN RE: HB1089** by Darby (Relating to the classification of certain entities as primarily engaged in retail trade for purposes of the franchise tax.), **As Engrossed**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB1089, As Engrossed: an impact of \$0 through the biennium ending August 31, 2021.

**Additionally, the bill will have a direct impact of a revenue loss to the Property Tax Relief Fund of (\$2,334,000) for the 2020-21 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:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2020	\$0
2021	\$0
2022	\$0
2023	\$0
2024	\$0

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

<b>Fiscal Year</b>	<b>Probable Revenue (Loss) from Property Tax Relief Fund 304</b>
2020	\$0
2021	(\$2,334,000)
2022	(\$2,427,000)
2023	(\$2,523,000)
2024	(\$2,623,000)

**Fiscal Analysis**

The bill would amend Chapter 171 of the Tax Code to expand the definition of retail trade to

include activities involving the rental of industrial uniforms, industrial garments, and industrial linen supplies that are classified as linen supply services or industrial launderers in the 1987 Standard Industrial Classification Manual.

The bill would take effect January 1, 2021, and would only apply to reports originally due on or after that date.

### **Methodology**

The estimated revenue loss from this bill is based on franchise tax return data from the Comptroller's Office and sub-sector forecasts from IHS Markit.

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

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

**LBB Staff:** WP, KK, SD