

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

March 25, 2019

TO: Honorable Dustin Burrows, Chair, House Committee on Ways & Means

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 Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1089, As Introduced: 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 2018-19 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
2020	\$0
2021	\$0
2022	\$0
2023	\$0
2024	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from Property Tax Relief Fund 304
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