

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

April 30, 2023

TO: Honorable Morgan Meyer, Chair, House Committee on Ways & Means

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB4257 by Raney (Relating to the reimbursement allowed for the collection of sales and use taxes.),
As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for HB4257, As Introduced : a negative impact of (\$780,853,000) through the biennium ending August 31, 2025.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to <i>General Revenue Related Funds</i>
2024	(\$363,853,000)
2025	(\$417,000,000)
2026	(\$439,424,000)
2027	(\$462,892,000)
2028	(\$485,835,000)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Revenue (Loss) from <i>General Revenue Fund 1</i>	Probable Revenue (Loss) from <i>Tax Reduc. & Excell. Edu. Fund 305</i>	Probable Revenue (Loss) from <i>State Highway Fund 6</i>	Probable Revenue (Loss) from <i>Sporting Goods Sales Tax Allocation</i>
2024	(\$363,853,000)	(\$12,713,000)	(\$306,000)	(\$1,901,000)
2025	(\$417,000,000)	(\$14,913,000)	(\$343,000)	(\$2,095,000)
2026	(\$439,424,000)	(\$16,053,000)	(\$347,000)	(\$2,116,000)
2027	(\$462,892,000)	(\$17,284,000)	(\$351,000)	(\$2,137,000)
2028	(\$485,835,000)	(\$18,529,000)	(\$356,000)	(\$2,159,000)

<i>Fiscal Year</i>	Probable Revenue (Loss) from <i>Cities</i>	Probable Revenue (Loss) from <i>Transit Authorities</i>	Probable Revenue (Loss) from <i>Counties & Special Districts</i>
2024	(\$69,511,000)	(\$23,079,000)	(\$15,767,000)
2025	(\$79,711,000)	(\$26,465,000)	(\$18,080,000)
2026	(\$84,040,000)	(\$27,902,000)	(\$19,062,000)
2027	(\$88,577,000)	(\$29,409,000)	(\$20,091,000)
2028	(\$93,021,000)	(\$30,884,000)	(\$21,099,000)

Fiscal Analysis

The bill would amend Section 151.423 of the Tax Code, relating to reimbursement to taxpayers for tax collections, by increasing the amount a taxpayer could deduct and withhold for filing a timely return from 0.5

percent to 1.5 percent.

The bill would take effect October 1, 2023.

Methodology

The estimate is based on the amount of sales and use tax currently received from timely filers, times the timely filing discount to be provided by the bill.

There would be effects on the Economic Stabilization Fund (ESF) balance limit and consequent effects for GR reserves and transfers to ESF. Because sales tax revenue is initially deposited to the general revenue fund, the reduction in tax revenue in the 2024-25 biennium would reduce the 2026-27 ESF balance limit by ten percent of the reduction in tax, reducing 2025 severance tax reserves for transfer to the ESF by the amount of the balance limit reduction, and increasing available GR in 2025 by the amount of reduction of the reserves, however this amount is not expected to be significant.

Local Government Impact

The increase in the timely filing discount would also be applicable for local sales taxes. There would be a corresponding loss of sales and use tax revenue from local taxing jurisdictions displayed in the tables above.

Source Agencies: 304 Comptroller of Public Accounts

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