

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

May 14, 2025

TO: Honorable Charles Schwertner, Chair, Senate Committee on Business & Commerce

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB2517 by Barry (Relating to the applicability of premium and maintenance taxes to the Texas Windstorm Insurance Association and Texas FAIR Plan Association.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2517, As Engrossed: a negative impact of (\$27,983,000) through the biennium ending August 31, 2027.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to <i>General Revenue Related Funds</i>
2026	(\$13,007,000)
2027	(\$14,976,000)
2028	(\$16,474,000)
2029	(\$18,121,000)
2030	(\$19,933,000)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> 1
2026	(\$13,007,000)
2027	(\$14,976,000)
2028	(\$16,474,000)
2029	(\$18,121,000)
2030	(\$19,933,000)

Fiscal Analysis

The bill would amend the Texas Insurance Code to exempt Texas Windstorm Insurance Association (TWIA) and Texas Fair Plan Association (TFPA) insurance premiums from insurance premium and insurance maintenance taxes.

The bill would take effect September 1, 2025.

Methodology

Based on analysis provided by the Comptroller of Public Accounts, TWIA and TFPA collected \$996.1 million in insurance premiums in calendar year 2024. These premiums were subject to an insurance premium tax of 1.6 percent, resulting in a premium tax liability of \$15.9 million to the credit of the General Revenue Fund. This estimate assumes an increase of 10% in premiums each year, resulting in total premium tax loss of \$17,343,000 in fiscal year 2026, \$19,968,000 in fiscal year 2027, \$21,965,000 in fiscal year 2028, \$24,161,000 in fiscal year 2029, and \$26,577,000 in fiscal year 2030.

Of the amount credited to the General Revenue Fund, 25% is allocated to the Foundation School Fund. However, this analysis assumes any revenue losses to the Foundation School Fund would be made up with an equal amount of General Revenue to fund the Foundation School Program and are therefore not included in the table above.

This estimate assumes that the provisions of the bill will have no effect on aggregate maintenance tax collections as maintenance tax rates are set in amounts to be sufficient to fund operations, and any reduction in the amount of maintenance tax paid by TWIA and TFPA would result in a corresponding increase in the amount paid by other entities.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts, 454 Department of Insurance

LBB Staff: JMc, RStu, BFa, AAL, GDZ