LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

April 27, 2025

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **HB2575** by Shaheen (Relating to the elimination of certain tax proceeds deposited to and the allocation of the horse industry escrowed purse account.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2575, As Introduced: a positive impact of $50,000,000 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:

Fiscal Year	**Probable Net Positive/(Negative) Impact to *General Revenue Related Funds***
2026	$25,000,000
2027	$25,000,000
2028	$25,000,000
2029	$25,000,000
2030	$25,000,000

All Funds, Five-Year Impact:

Fiscal Year	**Probable Revenue Gain/(Loss) from *General Revenue Fund* 1**	**Probable Revenue Gain/(Loss) from *Fund 0876 - Horse Industry Escrow Trust Account***
2026	$25,000,000	($25,000,000)
2027	$25,000,000	($25,000,000)
2028	$25,000,000	($25,000,000)
2029	$25,000,000	($25,000,000)
2030	$25,000,000	($25,000,000)

Fiscal Analysis

The bill would amend the Occupations Code and Tax Code to repeal provisions requiring the deposit of a portion of state sales and use tax proceeds to and the allocation of money from the Horse Industry Escrow Account. The bill would take effect on September 1, 2025.

Methodology

Under current law up to $50 million in sales tax revenue per biennium derived from the sale of horse feed, tack, and other horse-related products is transferred from the General Revenue Fund to Fund 0876 - Horse Industry Escrow Trust Account. The bill would end this transfer beginning on September 1, 2025. Based on the analysis provided by the Comptroller's office, the bill would result in a revenue gain of $25.0 million to the General Revenue Fund and a corresponding revenue loss to Fund 0876 in each fiscal year beginning in fiscal year 2026.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 476 Racing Commission

LBB Staff: JMc, KK, GDZ, TG