

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

April 5, 2025

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB3232 by Harris (Relating to the strong families credit against certain taxes for entities that contribute to certain organizations.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3232, As Introduced: a negative impact of (\$5,320,000) through the biennium ending August 31, 2027.

Additionally, the bill will have a direct impact of a revenue loss to the Property Tax Relief Fund of (\$3,000,000) for the 2026-27 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:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2026	(\$2,660,000)
2027	(\$2,660,000)
2028	\$0
2029	\$0
2030	\$0

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Revenue (Loss) from General Revenue Fund 1</i>	<i>Probable Revenue (Loss) from Foundation School Fund 193</i>	<i>Probable Revenue (Loss) from Property Tax Relief Fund 304</i>	<i>Probable Revenue (Loss) from State Highway Fund 6</i>
2026	(\$1,800,000)	(\$860,000)	(\$1,500,000)	\$0
2027	(\$1,800,000)	(\$860,000)	(\$1,500,000)	(\$840,000)
2028	\$0	\$0	\$0	(\$840,000)
2029	\$0	\$0	\$0	\$0
2030	\$0	\$0	\$0	\$0

Fiscal Analysis

The bill would amend the Alcoholic Beverage, Insurance, and Tax Codes to create a strong families credit toward certain state taxes paid for contributions made to certain tax-exempt organizations, as defined by the bill. The taxes for which credits could be applied are the distilled spirits and wine taxes, insurance premium taxes, franchise taxes, and oil and gas production taxes. The total amount of strong families credits awarded could not exceed \$10 million. The bill lays out qualifiers for the credits as well as responsibilities of the Comptroller when allocating the credits.

The bill would take effect January 1, 2026. The statutory provisions of the bill would expire January 1, 2028, however the expiration of those provisions would not affect credits an entity was eligible for based on designated contributions made before the date the statute expired.

Methodology

According to the Comptroller, this analysis assumes that the maximum amount of credits that can be awarded under the two-year program-\$10 million-will be expended in the first 2 fiscal years of availability. The analysis assumes that the credits will be taken against all taxes as amended as amended by the bill to allow for credit claims. The shares of the credits against individual tax type were calculated based on the biennial share of those taxes in fiscal 2026-27 biennium as projected in the Comptroller's *2026-27 Biennial Revenue Estimate*. The fiscal implications to the State Highway Fund, below, reflect reduced amounts of oil and natural gas revenue available for constitutional transfer to the fund. In addition, the Comptroller indicates they would incur costs necessary to administer the new credits, however those costs are not expected to be significant.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

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