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FISCAL IMPACT REPORT

02/03/12

ORIGINAL DATE 02/08/12

SPONSOR Varela **LAST UPDATED** 02/10/12 **HB** 224/aHHGAC

SHORT TITLE Tax & Revenue Dept. Fees & Distributions **SB** _____

ANALYST Smith

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY13	FY14	FY15		
	NFI		Recurring	TRD
			Recurring	Local Governments

(Parenthesis () Indicate Revenue Decreases)

This FIR is revised to remove the fiscal impact. The effect of this bill language is currently duplicated in the General Appropriation Act. Therefore scoring this bill with a fiscal impact would amount to double counting.

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of HHGAC Amendment

The House Health & Government Affairs Committee amendment to House Bill 224 corrects drafting errors. It has no substantive impact on the bill as analyzed.

Synopsis of Original Bill

House Bill 224 appropriates to TRD 3.25 percent of the “hold harmless” distribution to local governments for foregone food and medical gross receipts taxes. TRD used the increase to fund permanent staff and operations to generate revenue for state and local governments through increased compliance efforts. This bill transforms the annual appropriation into a permanent distribution.

FISCAL IMPLICATIONS

The estimates were developed during the interim. These fees are currently annually imposed and appropriated in the GAA.

SIGNIFICANT ISSUES

Administrative fees are probably better set in substantive law rather than in an appropriations bill.

OTHER SUBSTANTIVE ISSUES

Does the bill meet the Legislative Finance Committee tax policy principles?

1. **Adequacy:** Revenue should be adequate to fund needed government services.
2. **Efficiency:** Tax base should be as broad as possible and avoid excess reliance on one tax.
3. **Equity:** Different taxpayers should be treated fairly.
4. **Simplicity:** Collection should be simple and easily understood.
5. **Accountability:** Preferences should be easy to monitor and evaluate

SS/svb:lj