

LEGISLATIVE BUDGET BOARD
Austin, Texas

86TH LEGISLATIVE REGULAR SESSION

May 5, 2019

TO: The Honorable Dennis Bonnen, Speaker, Texas House of Representatives

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
 Legislative Budget Board

IN RE: Tax Equity Analysis

The Legislative Budget Board has estimated the combined effects of House Bill 3, As Engrossed and House Bill 4621, Committee Report 1st House, Substituted (assuming the removal of the constitutional amendment contingent enactment provision) on the distribution of tax and fee burdens among individuals and businesses. Specifically, the following tables display the Legislative Budget Board’s analysis of the estimated changes to Table 1 (page 47) and Table 33 (page 67) from the Comptroller of Public Accounts 2018 Tax Exemptions and Tax Incidence report (adjusted for the 2020-21 Biennial Revenue Estimate) that are estimated to result from enactment of the two bills. This analysis is for sales and use taxes effective in fiscal year 2021 and property taxes effective in tax year 2020 (that are generally paid during fiscal year 2021).

Table 1			
FY 2021: Initial Distribution of Sales & Use Tax - By Industry			
Comparison of Initial Tax Paid under			
Current Law vs. CS HB 4621 and HB 3 Engrossed (\$ millions)			
Industry	Current Law	CSHB4621/HB 3 Eng	Difference
Agriculture	\$102.9	\$117.7	\$14.8
Mining	\$2,556.7	\$2,917.6	\$360.9
Utilities & Transportation	\$1,858.2	\$2,124.5	\$266.3
Construction	\$1,997.4	\$2,266.9	\$269.4
Manufacturing	\$1,689.4	\$1,931.7	\$242.3
Retail & Wholesale Trade	\$1,769.7	\$2,023.8	\$254.1
Information	\$916.1	\$1,047.6	\$131.5
FIRE	\$956.9	\$1,094.4	\$137.5
Other Services	\$3,445.8	\$3,940.4	\$494.6
Government	\$0.0	\$0.0	\$0.0
Individual Consumers	\$20,814.1	\$23,792.0	\$2,977.8
Total	\$36,107.2	\$41,256.5	\$5,149.3

Note: Totals may not sum due to rounding.

Table 2

FY 2021: Initial Distribution of School District Property Tax - By Industry
Comparison of Initial Tax Paid under
Current Law vs. CS HB 4621 and HB 3 Engrossed (\$ millions)

Industry	Current Law	CSHB4621/HB 3 Eng	Difference
Agriculture	\$546.0	\$472.7	-\$73.3
Mining	\$2,860.5	\$2,337.6	-\$522.9
Utilities & Transportation	\$2,763.1	\$2,290.8	-\$472.3
Construction	\$610.7	\$579.5	-\$31.2
Manufacturing	\$3,052.0	\$2,535.2	-\$516.8
Retail & Wholesale Trade	\$1,138.6	\$854.3	-\$284.3
Information	\$945.2	\$733.7	-\$211.5
FIRE	\$5,492.1	\$4,497.5	-\$994.6
Other Services	\$1,701.6	\$1,374.2	-\$327.4
Government	\$0.0	\$0.0	\$0.0
Individual Consumers	\$17,003.2	\$13,868.4	-\$3,134.8
Total	\$36,113.0	\$29,543.8	-\$6,569.2

Note: Totals may not sum due to rounding.

Table 3			
FY 2021: Initial Distribution of Sales & Use + School District Property Tax - By Industry			
Comparison of Initial Tax Paid under			
Current Law vs. CS HB 4621 and HB 3 Engrossed (\$ millions)			
Industry	Current Law	CSHB4621/HB 3 Eng	Difference
Agriculture	\$648.9	\$590.4	-\$58.5
Mining	\$5,417.2	\$5,255.1	-\$162.0
Utilities & Transportation	\$4,621.3	\$4,415.3	-\$206.0
Construction	\$2,608.1	\$2,846.3	\$238.2
Manufacturing	\$4,741.4	\$4,466.9	-\$274.5
Retail & Wholesale Trade	\$2,908.3	\$2,878.1	-\$30.2
Information	\$1,861.3	\$1,781.3	-\$80.0
FIRE	\$6,449.0	\$5,591.9	-\$857.1
Other Services	\$5,147.4	\$5,314.6	\$167.2
Government	\$0.0	\$0.0	\$0.0
Individual Consumers	\$37,817.3	\$37,660.3	-\$157.0
Total	\$72,220.2	\$70,800.3	-\$1,419.9

Note: Totals may not sum due to rounding.

Table 4			
FY 2021: Final Distribution of Sales & Use Tax - By Household Income			
Comparison of Final Tax Impact under			
Current Law vs. CS HB 4621 and HB 3 Engrossed (\$ millions)			
Income Quintile	Current Law	CSHB4621/HB 3 Eng	Difference
Less than \$37,630	\$2,650.6	\$3,001.0	\$350.5
\$37,630 - \$66,112	\$3,766.4	\$4,278.9	\$512.5
\$66,112 - \$99,619	\$5,046.0	\$5,752.2	\$706.2
\$99,619 - \$149,453	\$6,648.3	\$7,613.5	\$965.2
\$149,453 and higher	\$10,477.2	\$12,003.8	\$1,526.6
Total Resident	\$28,588.5	\$32,649.3	\$4,060.9
Exported to Non-Residents	\$7,518.7	\$8,607.2	\$1,088.4
Total	\$36,107.2	\$41,256.5	\$5,149.3

Note: Totals may not sum due to rounding.

Table 5

FY 2021: Final Distribution of School District Property Tax - By Household Income
 Comparison of Final Tax Impact under
 Current Law vs. CS HB 4621 and HB 3 Engrossed (\$ millions)

Income Quintile	Current Law	CSHB4621/HB 3 Eng	Difference
Less than \$37,630	\$2,354.3	\$1,980.6	-\$373.7
\$37,630 - \$66,112	\$3,047.0	\$2,495.5	-\$551.5
\$66,112 - \$99,619	\$4,476.3	\$3,692.9	-\$783.4
\$99,619 - \$149,453	\$6,450.5	\$5,243.8	-\$1,206.7
\$149,453 and higher	\$12,528.3	\$10,169.0	-\$2,359.3
Total Resident	\$28,856.4	\$23,581.7	-\$5,274.7
Exported to Non-Residents	\$7,256.5	\$5,962.0	-\$1,294.5
Total	\$36,113.0	\$29,543.8	-\$6,569.2

Note: Totals may not sum due to rounding.

Table 6

FY 2021: Final Distribution of Sales & Use + School District Property Tax - By Household Income
 Comparison of Final Tax Impact under
 Current Law vs. CS HB 4621 and HB 3 Engrossed (\$ millions)

Income Quintile	Current Law	CSHB4621/HB 3 Eng	Difference
Less than \$37,630	\$5,004.9	\$4,981.6	-\$23.2
\$37,630 - \$66,112	\$6,813.4	\$6,774.4	-\$39.1
\$66,112 - \$99,619	\$9,522.3	\$9,445.1	-\$77.2
\$99,619 - \$149,453	\$13,098.8	\$12,857.2	-\$241.6
\$149,453 and higher	\$23,005.5	\$22,172.8	-\$832.7
Total Resident	\$57,444.9	\$56,231.1	-\$1,213.8
Exported to Non-Residents	\$14,775.2	\$14,569.2	-\$206.1
Total	\$72,220.1	\$70,800.2	-\$1,419.9

Note: Totals may not sum due to rounding.

Table 7

FY 2021: Effective Tax Rate of Sales & Use + School District Property Tax
Comparison of Final Tax Impact under
Current Law vs. CS HB 4621 and HB 3 Engrossed (\$ millions)

Income Quintile	Effective Rate - Current Law	Effective Rate - CSHB 4621/ HB 3 Eng	Change
Less than \$37,630	13.6%	13.6%	-0.06%
\$37,630 - \$66,112	7.0%	7.0%	-0.04%
\$66,112 - \$99,619	6.1%	6.0%	-0.05%
\$99,619 - \$149,453	5.6%	5.5%	-0.10%
\$149,453 and higher	3.4%	3.3%	-0.12%
Total Resident	4.81%	4.71%	-0.10%