

STATE OF TEXAS

# SOURCES OF REVENUE

*A History of State Taxes and Fees 1972-2022*



**GLENN HEGAR**  
TEXAS COMPTROLLER OF PUBLIC ACCOUNTS



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## Introduction

This publication updates *Sources of Revenue*, last issued by the Texas Comptroller of Public Accounts in January 2021, and is intended to be a guide to the history and current status of Texas state revenue sources. To provide the deepest historical perspective based on the most reliable and consistent data, the report uses the year 1972 as the starting point for tracking state revenue collections, as well as the legislative and economic changes affecting them.

In public policy matters, the methods by which governments raise revenue always seem to take center stage. This update will continue to serve as a quick stop for policymakers, staff and other readers for general information about Texas revenue sources. In addition to summarizing 50 years of tax and revenue legislation, the report's profile pages provide legal citations, revenue history, rates and bases for specific revenue sources and other information that will give the reader a general idea of a revenue source's place in the overall system.

Taxes have a special place in the discussion because of their inherent unpopularity, but in recent years, greater attention has turned to fees and debt as alternate methods of paying for government services. This report covers state taxes and fees as distinct from debt, which the Comptroller's office has covered in detail in other publications. Taxes and fees are sources of current revenue drawn from citizens and businesses as they participate in the economy. In covering sources of Texas state revenue, this report excludes property tax, which is levied exclusively by units of local government.

Since 1972, the Legislature has enacted hundreds of bills directly affecting tax and fee revenue (see Table 2). Prior to 1991, legislation both raised and lowered taxes as the economy fluctuated, with some tax relief occurring

during the oil boom of the late 1970s and major tax increases occurring in 1984, 1986 and 1991. After 1991, however, tax-related bills have almost exclusively reduced state taxes, the exception being in 2006 when state taxes were increased to pay for local property tax relief. Over time, bills have included rate increases and decreases; base changes that either broadened or narrowed the tax base; due-date speed-ups and delays; and new levies and repeals. This report provides a detailed history of state tax and fee legislation from 1972 through 2022 and revenue from the levies, along with other useful information for those wanting to learn more about these revenue sources. (Unless otherwise noted, all annual data refer to state fiscal years, which run from Sept. 1 through Aug. 31.)

The report, aside from the tax and fee profiles, includes three sections, nine appendices, four tables and four charts. This section, the introduction, discusses the methodology and terms employed. Following the introduction, Table 1 identifies all major taxes collected by the state of Texas (as well as taxes abolished since 1972). Table 2 lists the major tax and related revenue bills enacted since 1972.

The second section identifies and reviews each of the major taxes and fees collected in Texas, and the third section identifies and tracks legislative and other changes affecting state tax and fee revenues from 1972 through 2022. The fourth section — the core of *Sources of Revenue* — presents individual profiles of the state's major taxes and fees. Each profile provides details concerning enactment and administration, statutory authority and a history of collections and rate changes.

Appendix A describes total tax and fee collections, percent change and average annual growth rates. Appendix B

provides a year-by-year history of state tax rates for major taxes from 1930 through 2022. Appendix C provides a detailed history of the legislative changes involving the state's principal revenue source, the Sales and Use tax, beginning with its inception in 1961. Appendices D-1 through D-3 provide interstate comparisons of tax rates and relative state rankings for major state taxes. Appendix E lists the state's various professional fees and provides details, including a description of each fee, year of enactment and legal citation. Appendix F provides a history of Insurance Premium tax rate changes.

Finally, Appendix G provides graphic depictions of average annual growth rates for major tax categories during seven periods in the state's recent tax history: 1972-83, an era of

vigorous economic growth when virtually no tax legislation was deemed necessary; 1983-92, an era of economic turmoil and numerous tax increases; 1992-01, an era of sustained economic growth with an emphasis on tax relief; 2001-03, a brief period of economic downturn; 2003-08, a period of strong economic and revenue growth; 2008-10, years affected by the Great Recession; 2010-19, a time frame of recession recovery and economic success prior to the COVID-19 pandemic; and 2019-22, the most recent period. This informational report is intended to provide summary descriptions of the state's major taxes, fees and associated legislation. These descriptions should be used as guidelines only; actual taxability and official tax policy are determined by the Texas Tax Code and administrative rules. ☈

**TABLE 1**  
**Tax Rates and Bases for Texas State Taxes**  
**Fiscal 2022**

<b>Tax Rate and Base</b>	
<b>Boat and Boat Motor Sales and Use Tax</b>	6.25 percent on the sale of a taxable boat or boat motor \$15 for each boat or boat motor brought into the state by a new resident
<b>Cement Production Tax</b>	2.75 cents on the first intrastate distribution, sale, or use of each 100 pounds or fraction of 100 pounds of cement
<b>Cigars and Tobacco Products Tax</b>	1 cent per 10 cigars or portion of 10 cigars weighing 3 pounds or less per thousand; \$7.50 per 1,000 cigars weighing more than 3 pounds per thousand with a factory list price of not more than 3.3 cents each; \$11 per 1,000 cigars weighing more than 3 pounds per thousand with a factory list price of more than 3.3 cents each and containing no substantial amounts of non-tobacco ingredients; \$15 per 1,000 cigars weighing more than 3 pounds per thousand with a factory list price of more than 3.3 cents each and containing substantial amounts of non-tobacco ingredients; \$1.22 per ounce and a proportionate rate on all fractional parts of an ounce for chewing, pipe or roll-your-own tobacco, and snuff, with the tax imposed on a can or package weighing less than 1.2 ounces equal to the amount of the tax imposed on a can or package weighing 1.2 ounces
<b>Cigarette Tax</b>	\$70.50 per 1,000 cigarettes weighing 3 pounds or less per thousand (\$1.41 per pack of 20); \$72.60 per 1,000 weighing more than 3 pounds per thousand
<b>Coin-Operated Amusement Machine Tax</b>	\$60 per coin-operated amusement machine per year
<b>Combative Sports Admissions Tax</b>	3.0 percent on the gross receipts from event admissions plus 3.0 percent of gross receipts from the sale of broadcast rights or \$30,000, whichever is less
<b>Diesel Fuel Tax</b>	20 cents per gallon of diesel fuel
<b>Franchise Tax</b>	Corporations and limited liability companies, partnerships, trusts and other business forms subject to the tax pay rate of 0.75 percent of a firm's Texas-apportioned margin. The term "margin" is defined as total revenue less the greater of cost of goods sold, total compensation, 30 percent of total revenue or \$1 million. A rate of 0.375 percent applies to businesses in retail and wholesale trade. A rate of 0.331 percent applies to entities with \$20 million or less in total (unportioned) revenue and electing to use the E-Z computation
<b>Gas, Electric and Water Utility Tax</b>	0.581 percent on utility gross receipts from services to incorporated cities and towns with 1,001 to 2,499 people; 1.070 percent on services to cities with 2,500 to 9,999 people; 1.997 percent on services to cities with 10,000 people or more
<b>Gas Utility Pipeline Tax</b>	0.5 percent of the gross gas utility receipts less the cost of gas sold
<b>Gasoline Tax</b>	20 cents per gallon of gasoline
<b>Hotel Occupancy Tax</b>	6.0 percent of the price paid for a room by occupant
<b>Insurance Maintenance Taxes</b>	Varying rates on gross premiums for different types of coverage, set annually by the Texas Department of Insurance to cover regulatory costs
<b>Insurance Premium Tax (Accident and Health Insurance)</b>	1.75 percent of taxable gross premiums
<b>Insurance Premium Tax (Life Insurance and Health Maintenance Organizations)</b>	0.875 percent of the first \$450,000 in taxable gross premiums or HMO taxable gross revenues, and 1.75 percent of taxable gross premiums or HMO taxable gross revenues in excess of \$450,000

*Continued on the following page*

**TABLE 1 (continued)**  
**Tax Rates and Bases for Texas State Taxes**  
**Fiscal 2022**

<b>Tax Rate and Base</b>	
<b>Insurance Premium Tax (Licensed Captive Insurers)</b>	0.5 percent of taxable premium receipts. Minimum annual due \$7,500; maximum \$200,000
<b>Insurance Premium Tax (Property and Casualty Insurance)</b>	1.6 percent of taxable premium receipts
<b>Insurance Premium Tax (Title Insurance)</b>	1.35 percent of taxable premiums
<b>Insurance Premium Tax (Unauthorized, Independently Procured and Surplus Lines)</b>	4.85 percent of taxable premiums
<b>Compressed Natural Gas and Liquefied Natural Gas Tax</b>	15 cents per gallon of compressed natural gas (CNG) and liquefied natural gas (LNG)
<b>Liquor Tax</b>	\$2.40 per gallon
<b>Malt Beverage Tax</b>	\$6 per 31-gallon barrel (19.4 cents per gallon)
<b>Manufactured Housing Sales and Use Tax</b>	5.0 percent of 65 percent or 0.0325 of the sales price to be paid on the initial sale or use in this state of a new manufactured home
<b>Mixed Beverage Gross Receipts Tax</b>	6.7 percent of the gross receipts from alcoholic beverage sales
<b>Mixed Beverage Sales Tax</b>	8.25 percent on the sale of alcoholic beverages
<b>Motor Vehicle Rental Tax</b>	10.0 percent of the gross receipts on rentals of 30 days or less; 6.25 percent on rentals of 31 to 180 days
<b>Motor Vehicle Sales and Use Tax</b>	6.25 percent of vehicle sales price, less the value of the trade-in; \$90 tax for a motor vehicle brought into the state by a new resident; \$10 tax per motor vehicle gifted; \$5 tax paid by each party in an even exchange; 1 percent or 2.5 percent Texas Emissions Reduction Plan (TERP) surcharge on certain on-road diesel truck purchases
<b>Motor Vehicle Sales and Use Tax—Seller-Financed Motor Vehicles</b>	6.25 percent of seller's receipts; 1 percent or 2.5 percent TERP surcharge on certain on-road diesel truck purchases
<b>Natural Gas Production Tax</b>	7.5 percent of the market value of gas produced in the state; condensate 4.6 percent
<b>Oil Production Tax</b>	4.6 percent of the market value of oil produced in the state
<b>Oil Well Service Tax</b>	2.42 percent of the gross receipts for specific services to oil and gas wells
<b>Public Utility Gross Receipts Assessment</b>	1/6 of 1.0 percent of gross receipts
<b>Sales and Use Tax</b>	6.25 percent of the purchase price of taxable tangible personal property and selected services; 1.5 percent TERP surcharge on the sale, lease or rental of off-road, heavy-duty diesel equipment (other than some used in agriculture)
<b>Wine Tax</b>	20.4 cents per gallon for alcoholic volume not over 14 percent; 40.8 cents per gallon for alcoholic volume over 14 percent; 51.6 cents per gallon for sparkling wine

*Concluded on the following page*

**TABLE 1 (concluded)**  
**Taxes Repealed or Abolished**  
**Since 1972**

Year Repealed	Tax
1976	Express Company Tax
1982	State Ad Valorem Tax
1983	Occupation Tax on Pistol Dealers
1983	Occupation Tax on Billiard Table Owners or Operators
1983	Occupation Tax on Quotation Services
1983	Occupation Tax on Ship Brokers
1983	Occupation Tax on Brokers and Factors
1985	Car Company Tax
1985	Telegraph Tax
1988	Telephone Company Tax
1993	Bingo Gross Receipts Tax
1997	Bedding Stamp Tax
1997	Interstate Motor Carrier Sales and Use Tax
2015	Airline/Passenger Train Beverage Tax
2015	Attorney Occupation Tax
2015	Bingo Rental Tax
2015	Controlled Substances Tax
2015	Fireworks Tax
2015	Inheritance Tax
2015	Liquefied Gas Tax
2015	Oil Regulation Tax
2015	Sulphur Production Tax
2019	Insurance Maintenance Tax on Nonprofit Legal Services Corporations

**TABLE 2**  
**Legislative Sessions and Associated**  
**Major Tax, Fee and Revenue-Related Bills, 1971–2021**

Session/ Year	Bill Number	Effect	Session Dates
<b>62nd Legislature</b>			
1971	62nd Legislature, Regular Session . . . . .		January 12—May 31, 1971
	62nd Legislature, 1st Called Session . . . . .		June 1—June 4, 1971
1972	62nd Legislature, 2nd Called Session . . . . .		March 28—March 30, 1972
	62nd Legislature, 3rd Called Session . . . . .		June 14—July 7, 1972
	62nd Legislature, 4th Called Session . . . . .		September 18—October 17, 1972
<b>63rd Legislature</b>			
1973	63rd Legislature, Regular Session . . . . .		January 9—May 28, 1973
	63rd Legislature, 1st Called Session . . . . .		December 18—December 20, 1973
<b>64th Legislature</b>			
1975	64th Legislature, Regular Session . . . . .		January 14—June 2, 1975
	HB 546 Express Company tax abolished; Cigar tax reduced; Franchise tax base reduced and surtax eliminated		
	HB 819 Public Utility Gross Receipts assessment enacted		
	SB 28 Insurance Maintenance tax (prepaid legal services) enacted		
	SB 180 Insurance Maintenance tax (HMOs) enacted		
<b>65th Legislature</b>			
1977	65th Legislature, Regular Session . . . . .		January 11—May 30, 1977
	HB 1484 Cigar tax reduced		
	HB 1537 Motor Vehicle Certificate of Title fees increased		
	SB 1302 Motor Vehicle Inspection fee increased		
	65th Legislature, 1st Called Session . . . . .		July 11—July 21, 1977
1978	65th Legislature, 2nd Called Session . . . . .		July 10—August 8, 1978
	HB 1 Sales and Use and Inheritance tax relief		
	HJR 1 State Property tax relief		
<b>66th Legislature</b>			
1979	66th Legislature, Regular Session . . . . .		January 9—May 28, 1979
	HB 726 Air Pollution Control fees enacted		
	HB 1297 Insurance Maintenance tax (aircraft) enacted		
	SB 43 Motor Vehicle Inspection fee increased		
	SB 747 Insurance Maintenance tax (HMOs) removed		
<b>67th Legislature</b>			
1981	67th Legislature, Regular Session . . . . .		January 13—June 1, 1981
	HB 325 Inheritance tax relief		
	HB 903 Manufactured Housing Sales and Use tax separated from Motor Vehicle Sales and Use tax		
	HB 917 Interstate Motor Carrier tax separated from Motor Vehicle Sales and Use tax		
	HB 1708 Diesel Fuel and Gasoline tax rate reduction for certain transit companies		
	HB 2014 Insurance Premium tax simplification		
	67th Legislature, 1st Called Session . . . . .		July 13—August 11, 1981
1982	67th Legislature, 2nd Called Session . . . . .		May 24—May 28, 1982
	HJR 1 State Property tax abolished		
	67th Legislature, 3rd Called Session . . . . .		September 7—September 9, 1982

**TABLE 2 (continued)**  
**Legislative Sessions and Associated**  
**Major Tax, Fee and Revenue-Related Bills, 1971–2021**

Session/ Year	Bill Number	Effect	Session Dates
<b>68th Legislature</b>			
1983	68th Legislature, Regular Session . . . . .		January 11—May 30, 1983
	HB 1122	Occupation taxes on pistol dealers, quotation services, billiard table owners or operators, ship brokers, and brokers and factors abolished	
	HB 2108	Cigarette tax speed-up	
	SB 288	Motor Vehicle Certificate of Title and Driver License fees increased	
	SB 444	Motor Vehicle Inspection fee increased	
	SB 713	Motor Vehicle Sales and Use tax speed-up	
	SB 985	Sales and Use tax speed-up	
	SB 986	Public Utility Gross Receipts assessment speed-up	
	SB 987	Insurance Premium tax speed-up	
	SB 988	Oil Production, Natural Gas and Motor Fuel tax speed-up	
	68th Legislature, 1st Called Session . . . . .		June 22—June 25, 1983
1984	68th Legislature, 2nd Called Session . . . . .		June 4—July 3, 1984
	HB 122	Omnibus tax bill: Sales and Use, Motor Vehicle Sales and Use, Motor Fuel, Hotel Occupancy, Cigarette and Tobacco, Alcoholic Beverage and Franchise taxes increased; Sales and Use tax base broadened; Insurance Premium tax prepayment schedule adopted; Motor Vehicle Registration fees increased; Higher Education tuition fees increased for nonresident and foreign students; other measures	
<b>69th Legislature</b>			
1985	69th Legislature, Regular Session . . . . .		January 8—May 27, 1985
	HB 1132	Airline Beverage tax extended to passenger trains	
	HB 1593	Omnibus tuition and fee bill: Higher Education tuition fees and other fees increased	
	HB 1949	Sales and Use tax expanded to include telephone communication services (from Telephone Company tax); Telegraph tax repealed	
	HB 2359	Waste Disposal Facilities, Generators and Transporters fees enacted	
	SB 237	Car Company tax repealed	
	69th Legislature, 1st Called Session . . . . .		May 28—May 30, 1985
1986	69th Legislature, 2nd Called Session . . . . .		August 6—September 4, 1986
	69th Legislature, 3rd Called Session . . . . .		September 8—September 30, 1986
	HB 79	Sales and Use and Motor Fuel taxes increased (temporary)	
<b>70th Legislature</b>			
1987	70th Legislature, Regular Session . . . . .		January 13—June 1, 1987
	HB 1123	Airline/Passenger Train Beverage tax extended to limousines	
	HB 1610	Motor Vehicle Inspection fee increased	
	HB 2022	Insurance Maintenance tax (life, accident and health) enacted; Insurance Maintenance tax (HMOs) re-enacted	
	SB 229	Public Utility Gross Receipts assessment base expanded	
	SB 873	Insurance Premium tax (title) separated from Insurance Premium tax (property and casualty)	
	70th Legislature, 1st Called Session . . . . .		June 2—June 3, 1987
	SB 2	Office of Public Insurance Counsel (OPIC) assessment enacted	
	70th Legislature, 2nd Called Session . . . . .		June 22—July 20, 1987
	HB 61	Omnibus tax bill: Sales and Use, Motor Vehicle Sales and Use, Hotel Occupancy and Cigarette and Tobacco taxes increased; Sales and Use tax base broadened; Insurance Premium tax (Administrative Services) enacted; Franchise and Insurance Premium surtaxes enacted (temporary); Professional fees increased (temporary); Attorney Licensure tax (temporary) enacted; Telephone Company tax repealed; other measures	

**TABLE 2 (continued)**  
**Legislative Sessions and Associated**  
**Major Tax, Fee and Revenue-Related Bills, 1971–2021**

Session/ Year	Bill Number	Effect	Session Dates
<b>70th Legislature (concluded)</b>			
	HB 62	Motor Fuel tax increase (temporary) made permanent	
	HB 170	Insurance Maintenance tax (third party administrators) enacted	
<b>71st Legislature</b>			
1989	71st Legislature, Regular Session . . . . .		January 10—May 29, 1989
	HB 24	Controlled Substances tax enacted	
	HB 112	Sales and Use tax exemption for machinery and equipment speed-up	
	HB 174	Public Utility Gross Receipts assessment base expanded	
	HB 428	Oil Production tax reduction for certain Enhanced Oil Recovery (EOR) production	
	HB 1306	Franchise tax fix	
	HB 1421	Insurance Premium tax (property and casualty) fix	
	HB 1494	Motor Vehicle Inspection fee increased	
	HB 1935	Motor Vehicle Driver License fee increased	
	HB 1954	Insurance Premium tax (life, accident and health) fix	
	HB 2619	Cigarette tax speed-up	
	HB 2945	Gas Utility Pipeline tax fix	
	SB 963	Natural Gas Production tax exemption for high-cost gas	
	SB 1573	Taxes paid under protest deposited into General Revenue	
	71st Legislature, 1st Called Session . . . . .		June 20—July 19, 1989
	HB 40	Oil Production tax reduction for EOR projects accelerated	
	71st Legislature, 2nd Called Session . . . . .		November 14—December 12, 1989
	SB 1	Insurance Maintenance tax (Research and Oversight Council on Workers' Compensation) enacted	
1990	71st Legislature, 3rd Called Session . . . . .		February 27—March 28, 1990
	71st Legislature, 4th Called Session . . . . .		April 2—May 1, 1990
	71st Legislature, 5th Called Session . . . . .		May 2—May 30, 1990
	71st Legislature, 6th Called Session . . . . .		June 4—June 7, 1990
	HB 4	Motor Vehicle Driver License fees increased	
	HB 5	Transportation fees increased	
	HB 6	Sales and Use, Tobacco and Mixed Beverage taxes increased	
<b>72nd Legislature</b>			
1991	72nd Legislature, Regular Session . . . . .		January 8—May 27, 1991
	HB 2	Insurance Premium tax credits reduced; OPIC assessment expanded to life, accident and health insurance	
	HB 278	Franchise tax expanded to include limited liability companies	
	HB 640	Automobile Theft Prevention Authority fee enacted	
	HB 651	Hotel Occupancy tax exemptions tightened	
	HB 1986	Battery Sales fee enacted	
	SB 14	Coastal Protection fee enacted	
	SB 1105	Oil Production tax rate reduction for EOR projects	
	72nd Legislature, 1st Called Session . . . . .		July 15—August 13, 1991
	HB 11	Omnibus tax bill: Sales and Use tax base broadened; Motor Vehicle Sales and Use and Rental taxes increased; Bingo Gross Receipts tax increased; Franchise tax revamped; Boat and Boat Motor Sales and Use tax separated from Sales and Use tax; Attorney Occupation tax, Bingo Rental tax, and Bingo Prize fee enacted; Professional, Court Cost, General Business Filing, and other fees increased	
	HB 54	State Lottery enacted	
	SB 2	Motor Vehicle Inspection fee increased	
	SB 3	Fiscal Management reform; Motor Vehicle Certificate of Title fee increased	

**TABLE 2 (continued)**  
**Legislative Sessions and Associated**  
**Major Tax, Fee and Revenue-Related Bills, 1971–2021**

Session/ Year	Bill Number	Effect	Session Dates
<b>72nd Legislature (concluded)</b>			
	72nd Legislature, 2nd Called Session . . . . .		August 19—August 25, 1991
	HB 62 Insurance Maintenance tax surcharge (Workers' Compensation Insurance Fund) enacted		
1992	72nd Legislature, 3rd Called Session . . . . .		January 2—January 8, 1992
	72nd Legislature, 4th Called Session . . . . .		November 10—December 3, 1992
<b>73rd Legislature</b>			
1993	73rd Legislature, Regular Session . . . . .		January 12—May 31, 1993
	HB 563 Manufactured Housing Sales and Use tax tightened		
	HB 958 Insurance Premium tax (surplus lines) rate increased		
	HB 995 Motor Vehicle Sales and Use tax—Seller-Financed Motor Vehicles separated from Motor Vehicle Sales and Use tax		
	HB 1445 Airline/Passenger Train Beverage tax base narrowed		
	HB 1461 Insurance Premium tax speed-up and transfer of administration to the Comptroller's office		
	HB 1718 Franchise tax credit enacted for wages paid to certain inmates and former inmates		
	HB 1970 Boat and Boat Motor Sales and Use tax base expanded		
	HB 1974 Oil Production and Natural Gas Production tax credits for new field discovery wells		
	HB 1975 Oil Production and Natural Gas Production tax exemptions for three-year inactive wells		
	HB 2723 Oil Production tax cut and Natural Gas Production tax exemption for co-production high-cost gas projects		
	HB 2771 Bingo Gross Receipts tax abolished; Bingo Prize fee increased		
	SB 82 Sales and Use, Franchise and Hotel Occupancy tax speed-ups; general tax refund for certain wages paid to individuals receiving state assistance		
	SB 83 Public Utility Gross Receipts assessment speed-up		
	SB 466 Oil Production tax reduction for certain EOR projects		
	SB 926 Motor Vehicle Inspection fee increased		
<b>74th Legislature</b>			
1995	74th Legislature, Regular Session . . . . .		January 10—May 29, 1995
	HB 327 Franchise tax credit for certain wages paid to juveniles committed to the Texas Youth Commission		
	HB 398 Natural Gas Production tax high-cost gas program extended and modified to provide a rate reduction for high-cost gas		
	HB 462 Sales and Use tax extended to inmate purchases		
	HB 1089 Insurance Maintenance tax (Workers' Compensation Commission) base expanded		
	HB 2065 Sales and Use tax refund for certain equipment or machinery sales related to enterprise zone projects		
	HB 2128 Public Utility Gross Receipts assessment speed-up extended; Telecommunications Infrastructure Fund assessment enacted		
	HB 2129 Hotel Occupancy tax base expanded		
	SB 3 Interstate Motor Carrier tax repealed		
	SB 60 Concealed Handgun fees enacted		
	SB 345 Franchise and Sales and Use tax refunds for school district taxes paid for certain property		
	SB 401 Comptroller's office given increased enforcement capabilities		

**TABLE 2 (continued)**  
**Legislative Sessions and Associated**  
**Major Tax, Fee and Revenue-Related Bills, 1971–2021**

Session/ Year	Bill Number	Effect	Session Dates
<b>75th Legislature</b>			
1997	75th Legislature, Regular Session . . . . .		January 14—June 2, 1997
	HB 4	School Property tax homestead exemption increased to \$15,000 from \$5,000	
	HB 966	Boat and Boat Motor Sales and Use tax base expanded	
	HB 1200	Motor Vehicle Driver License term extended and fee increased correspondingly	
	HB 1387	Automobile Theft Prevention Authority fee speed-up	
	HB 1855	Sales and Use tax exemption for manufacturing property clarified	
	SB 126	Oil Production and Natural Gas Production tax exemption for two-year inactive wells	
	SB 226	Sales and Use tax refunds for certain expenditures related to defense economic readjustment zones	
	SB 249	Telecommunications Infrastructure Fund assessment set at a fixed rate	
	SB 385	OPIC assessment rate increased for life, accident and health insurance	
	SB 582	Oil Production tax EOR exemption application period extended	
	SB 862	Natural Gas Production tax high-cost certification process eased	
	SB 1284	Bedding Stamp tax repealed	
	SB 1440	Oil Production and Natural Gas Production tax cut for incremental production from improved oil wells; Natural Gas Production tax exemption for certain vented casinghead gas	
<b>76th Legislature</b>			
1999	76th Legislature, Regular Session . . . . .		January 12—May 31, 1999
	HB 1014	Hotel Occupancy tax exemption for institutions of higher education tightened	
	HB 1837	Insurance Premium tax (property and casualty; title) rate schedules changed to flat rates	
	HB 2615	Natural Gas Production tax two-year inactive well exemption and high-cost gas rate reduction programs extended	
	HB 2816	Petroleum Product Delivery fee rates reduced	
	HB 3159	Diesel Fuel tax exemption for commercial passenger vehicles operating on fixed routes	
	HB 3697	Insurance Maintenance tax surcharge (Workers' Compensation Insurance Fund) and tax credit repealed	
	SB 4	School Property tax relief	
	SB 7	System Benefit Fund fee enacted	
	SB 290	Oil Production and Natural Gas Production tax exemption (temporary) for certain wells under certain market conditions	
	SB 329	Oil Production, Natural Gas, Diesel Fuel, and Gasoline prepayment/payment speed-up eliminated	
	SB 441	Sales and Use tax clothing holiday and exemptions for over-the-counter drugs and internet access enacted; Franchise tax exemptions for certain small businesses enacted; various Franchise tax credits enacted	
	SB 530	Insurance Premium tax (life, accident and health) exemption for employee coverage at certain public hospitals	
	SB 977	Sales and Use and Motor Vehicle Sales and Use tax exemptions for certain items used in timber production	
<b>77th Legislature</b>			
2001	77th Legislature, Regular Session . . . . .		January 9—May 28, 2001
	HB 1200	Local-option School Property tax relief for corporations creating new jobs and making certain investments	

**TABLE 2 (continued)**  
**Legislative Sessions and Associated**  
**Major Tax, Fee and Revenue-Related Bills, 1971–2021**

Session/ Year	Bill Number	Effect	Session Dates
<b>77th Legislature (concluded)</b>			
	HB 2604	Volunteer Fire Department Assistance Fund assessment enacted	
	HB 2687	Petroleum Product Delivery fee reinstated	
	HB 3667	Fireworks tax enacted	
	SB 2	Omnibus water bill: Sales and Use tax exemptions for certain water supply and sewer service corporations and for certain water and wastewater equipment	
	SB 5	Omnibus air quality bill: Special fee for truck trailers and commercial vehicles, commercial motor vehicle inspection fee, surcharge on new or used diesel construction equipment, and special fee on certain vintage on-road diesel motor vehicles enacted; registration fee on vehicles registering in-state for the first time increased; Diesel Fuel tax exemption for certain components of the final product; and created the Texas Emissions Reduction Plan fund	
	SB 63	Franchise tax credit for wages paid to persons with certain disabilities	
	SB 317	Exempts sales-leaseback transactions under the Finance Code from Sales and Use tax	
	SB 601	Insurance Premium tax credit for certain investments in certified capital companies (to be implemented only upon the Comptroller's certification of available revenues)	
	SB 1839	Nursing Home Stabilization Reserve Fund Bond Debt Service Maintenance tax surcharge enacted	
<b>78th Legislature</b>			
2003	78th Legislature, Regular Session . . . . .		January 14—June 2, 2003
	HB 1365	Omnibus air quality bill: Off-road heavy-duty diesel Sales and Use tax surcharge increased and broadened; large on-road diesel Motor Vehicle Sales and Use tax surcharge extended; Motor Vehicle Certificate of Title renewal fees increased	
	HB 2292	Insurance Premium and Maintenance tax bases broadened to include certain CHIP and Medicaid premiums and revenues	
	HB 2424	Natural Gas Production tax high-cost gas program made permanent; Oil Production tax EOR program made permanent	
	HB 2425	Natural Gas Production tax high-cost gas program filing requirements tightened; Insurance Premium tax credit for certain investments in certified capital companies program re-enacted; various Sales and Use tax administration issues clarified	
	HB 2458	Motor Fuel tax collection moved to the terminal rack from the motor fuel wholesalers	
	HB 3459	Telecommunications Infrastructure Fund assessment extended	
	78th Legislature, 1st Called Session . . . . .		June 30—July 28, 2003
	78th Legislature, 2nd Called Session . . . . .		July 28—August 26, 2003
	78th Legislature, 3rd Called Session . . . . .		September 15—October 12, 2003
2004	78th Legislature, 4th Called Session . . . . .		April 20—May 17, 2004
<b>79th Legislature</b>			
2005	79th Legislature, Regular Session . . . . .		January 11—May 30, 2005
	HB 2161	Various Natural Gas and Oil Production tax incentives for low-producing and orphaned wells and the installation of enhanced energy efficient equipment	

**TABLE 2 (continued)**  
**Legislative Sessions and Associated**  
**Major Tax, Fee and Revenue-Related Bills, 1971–2021**

Session/ Year	Bill Number	Effect	Session Dates
<b>79th Legislature (concluded)</b>			
	HB 2201	Provided jurisdictional oversight to certain Texas regulatory agencies regarding carbon dioxide injection associated with the Department of Energy's FutureGen Project; extends the current appraisal value limitation to include such projects; allows corporations to deduct certain costs of equipment used in such projects	
	HB 2481	Extended the motor vehicle-related surcharges funding the Texas Emissions Reduction Plan (TERP)	
	HB 2883	Insurance Premium tax (Life, Accident and Health) credits increased	
	SB 796	Boxing Admissions tax revamped and renamed "Combative Sports tax"	
	SB 1863	Petroleum Products Delivery fee reduction for 2006-07 rescinded; Coastal Protection fee reduced; Telecommunications Infrastructure Fund assessment extended	
2006	79th Legislature, 1st Called Session	79th Legislature, 1st Called Session . . . . .	June 21—July 20, 2005
	79th Legislature, 2nd Called Session	79th Legislature, 2nd Called Session . . . . .	July 21—August 19, 2005
	79th Legislature, 3rd Called Session	79th Legislature, 3rd Called Session . . . . .	April 17—May 16, 2006
	HB 1	Established procedures to phase down average School Property tax rates to \$1.00 per \$100 valuation via dedication of certain additional Franchise, Cigarette, Tobacco Products, and Motor Vehicle Sales tax revenues	
	HB 2	Created the Property Tax Relief Fund	
	HB 3	Franchise tax restructured	
	HB 4	Motor Vehicle Sales tax computation for private-party sales of used motor vehicles revised	
	HB 5	Cigarette and Tobacco Products tax rates increased	
<b>80th Legislature</b>			
2007	80th Legislature, Regular Session	80th Legislature, Regular Session . . . . .	January 9—May 28, 2007
	HB 735	Telecommunications Infrastructure Fund assessment repealed	
	HB 1332	Refund or credit for Diesel Fuel tax used in manufacturing or as a feedstock	
	HB 1459	Sales and Use tax exemption for coin operated pay phones	
	HB 1741	Insurance Premium tax credit for certain investments in certified capital companies renewed for a second round of investments and credits	
	HB 1751	Sexually-Oriented Business Admissions fee enacted	
	HB 1849	Life Insurance Valuation fee and corresponding Insurance Premium tax credit repealed	
	HB 2982	Natural Gas and Oil Production tax credit for qualifying low-production leases expiration date repealed	
	HB 3314	Oil Production tax credit for enhanced efficiency equipment ending date extended; allowed a Diesel Fuel, Gasoline, and Liquefied Gas credit or refund for certain metropolitan rapid transit authorities	
	HB 3315	Volunteer Fire Department Assistance Fund assessment increased and ending date repealed	
	HB 3319	Sales and Use tax holiday on clothing and footwear expanded to include backpacks; Motor Vehicle Sales and Use tax exemption provided for certain hydrogen power-capable vehicles; removed limitations from the Sales tax exemption for pharmaceutical biotechnology cleanrooms; excluded services performed by a "landman" from the definition of a real property service	
	HB 3554	Petroleum Products Delivery fee extended at a reduced rate	
	HB 3693	Sales tax holiday for certain energy efficient products	

**TABLE 2 (continued)**  
**Legislative Sessions and Associated**  
**Major Tax, Fee and Revenue-Related Bills, 1971–2021**

Session/ Year	Bill Number	Effect	Session Dates
<b>80th Legislature (concluded)</b>			
	HB 3694	Provided a Franchise tax credit for certain capital investments in qualifying enterprise projects and a Sales and Use tax refund for purchases used at a qualified business site in an enterprise zone	
	HB 3732	Provided an Oil Production tax exemption for enhanced energy recovery projects using anthropogenic carbon dioxide	
	HB 3928	Franchise tax revised to exempt taxable entities with revenues of \$300,000 or less and to provide tax discounts based on increments of total revenue less than \$900,000	
	SB 12	Extended the motor vehicle-related surcharges funding the Texas Emissions Reduction Plan (TERP)	
<b>81st Legislature</b>			
2009	81st Legislature, Regular Session		January 13—June 1, 2009
	HB 469	Provided Franchise tax credits, Sales and Use tax exemptions and Property tax abatements for certain clean energy projects	
	HB 1796	Extended the motor vehicle-related surcharges funding the Texas Emissions Reduction Plan (TERP)	
	HB 1801	Sales and Use tax holiday on clothing and footwear expanded to certain school supplies	
	HB 2154	Change taxation of Tobacco Products from a value-based to a weight-based tax	
	HB 3433	Revised process for registering certain commercial motor vehicle fleets	
	HB 4409	Eliminated Insurance Premium tax credits for Texas Windstorm Insurance Association (TWIA) assessments	
	HB 4765	Increased the total revenue amount at which a taxable entity would owe no Franchise tax to \$1 million from \$300,000	
	SB 254	Volunteer fire departments exempted from Gasoline and Diesel Fuel taxes	
	SB 958	Sales and Use tax exemption created for machinery and equipment used in an agricultural aircraft operation	
	81st Legislature, 1st Called Session		July 1—July 2, 2009
<b>82nd Legislature</b>			
2011	82nd Legislature, Regular Session		January 11—May 30, 2011
	HB 1	Directed the Comptroller's office to conduct a limited-duration tax amnesty program to encourage voluntary tax reporting by businesses	
	HB 1541	Increased the Automobile Burglary and Theft Protection fee	
	HB 2694	Reauthorized Petroleum Product Delivery fee	
	SB 776	Revised the procedures for licensed customs brokers, and increased the charge for an export stamp	
	82nd Legislature, 1st Called Session		May 31—June 29, 2011
	SB 1	Fiscal management bill: accelerated collections from the Sales, Gasoline, Diesel Fuel, Cigarette, and Alcoholic Beverage taxes at the end of fiscal 2013; temporarily disallowed certain Insurance Premium tax credits; repealed Sales and Franchise tax refunds for School Property taxes paid in reinvestment zones; lowered the cigarette distributor stamping allowance; assessed a penalty for late report filing on payers of certain taxes and fees; and extended the \$1 million total revenue threshold for Franchise tax liability	
<b>83rd Legislature</b>			
2013	83rd Legislature, Regular Session		January 8—May 27, 2013

**TABLE 2 (continued)**  
**Legislative Sessions and Associated**  
**Major Tax, Fee and Revenue-Related Bills, 1971–2021**

Session/ Year	Bill Number	Effect	Session Dates
<b>83rd Legislature (concluded)</b>			
	HB 7	Directed the Comptroller's office to collect a Volunteer Fire Department Assistance Fund assessment	
	HB 500	Temporarily reduced Franchise tax rates; provided an additional margin calculation of total revenue minus \$1 million; added exclusions and modified certain tax components affecting tax calculation for certain entities; added a tax credit for rehabilitation of certified historic structures	
	HB 800	Provided a Franchise tax credit for certain research and development activities	
	HB 2148	Imposed a \$0.15 per gallon tax on certain sales of compressed natural gas (CNG) and liquefied natural gas (LNG)	
	HB 2446	Amended Franchise tax provisions relating to clean energy projects	
	HB 2451	Amended Franchise tax provisions relating to agricultural aircraft operations	
	HB 2766	Franchise tax was amended to clarify treatment of certain flow-through funds mandated by contract or subcontract	
	HB 3086	Relating to the Diesel Fuel tax and biodiesel	
	HB 3572	Lowered the Mixed Beverage Gross Receipts tax from 14 percent to 6.7 percent and imposed an 8.25 percent Mixed Beverage Sales tax	
	SB 559	Repealed provisions of SB 1, 82nd Legislature, First Called Session, that accelerated collections from the Sales, Gasoline, Diesel Fuel, Cigarette and Alcoholic Beverage taxes and the payment of Lottery funds to the Foundation School Fund at the end of fiscal 2013	
	SB 734	Allowed licensing of domestic captive insurance companies	
	SB 905	Distiller's and rectifier's permittees allowed to sell distilled spirits for on-and off-premises consumption and added the permittees to the definition of a mixed beverage permit	
83rd Legislature, 1st Called Session			May 27—June 25, 2013
83rd Legislature, 2nd Called Session			July 1—July 30, 2013
83rd Legislature, 3rd Called Session			July 30—August 5, 2013
SJR 1		Directed up to one-half of revenue associated with Crude Oil and Natural Gas tax collections, previously dedicated to the Economic Stabilization Fund (ESF), be deposited to the credit of the State Highway Fund; remainder would continue to be deposited to the ESF	
<b>84th Legislature</b>			
2015	84th Legislature, Regular Session		January 13—June 1, 2015
	HB 7	Repealed the Attorney Occupation tax; as well as the additional \$200 surcharge on selected professional license fees, such as paid by dentists, engineers, accountants, architects, psychologists, veterinarians and physicians	
	HB 32	Reduced Franchise tax rates by one-quarter	
	HB 1905	Repealed three taxes entirely: the Bingo Rental tax, the Airline/Passenger Train Beverage tax and the Controlled Substances tax. Also repealed the tax on liquefied gas (including liquefied petroleum gas) as a motor fuel; compressed and liquefied natural gas as motor fuels remained taxable. Motor Fuel tax exemptions, varying in scope, for: certain nonprofits, municipalities, and transit authorities	
	HB 2358	Exempted out-of-state businesses operating in Texas solely for work-related to disasters and/or emergencies from taxation, including Sales and Use and Franchise tax	
	HB 2712	Provided enhanced Sales and Use tax exemptions with respect to large data centers	

**TABLE 2 (continued)**  
**Legislative Sessions and Associated**  
**Major Tax, Fee and Revenue-Related Bills, 1971–2021**

Session/ Year	Bill Number	Effect	Session Dates
<b>84th Legislature (concluded)</b>			
	HB 2896	Amended Franchise tax regarding apportionment of receipts to Texas of broadcasting businesses	
	SJR 5	Amended the Texas constitution to annually transfer Sales and Use tax collections, above a certain amount and not to exceed \$2.5 billion, to the State Highway Fund beginning in 2018. A similar dedication of Motor Vehicle Sales and Use tax would begin in 2020. Both dedications expire, unless continued by a vote of the Legislature	
	SB 724	Exempted certain school buses from the Motor Vehicle Sales and Use tax	
	SB 752	Repealed the state Inheritance tax	
	SB 755	Exempted from Sales and Use tax, as a sale for resale, certain sales of computer programs to providers of internet hosting services	
	SB 757	Repealed the Crude Oil Regulatory tax and the Sulphur Production tax	
	SB 761	Repealed the 2 percent Fireworks tax. The retail sale of fireworks would continue to be taxable under the Sales and Use tax	
	SB 904	Added three-day annual Sales and Use tax holiday for emergency preparation items	
	SB 1049	Exempted new veteran-owned businesses from Franchise tax for their first five years	
	SB 1356	Added new three-day Sales and Use tax holiday for certain water-conserving products	
	SB 1396	Added new Tax Code chapter, and amended the Sales and Use tax, to clarify the taxation of aircraft	
<b>85th Legislature</b>			
2017	85th Legislature, Regular Session . . . . .		January 10—May 29, 2017
	HB 897	Expanded Motor Vehicle Sales and Use tax exemption for churches and religious societies; exempted motor vehicles purchased by open enrollment charter schools from Motor Vehicle Sales and Use tax and Motor Vehicle Registration fees	
	HB 1003	Authorized certain entities not subject to Franchise tax to accrue and sell tax credits related to the rehabilitation of a historic structure	
	HB 2445	Additional cities were made eligible to receive rebates of state and local taxes paid or collected by a qualified hotel project	
	HB 3101	Allowed the sale of alcoholic beverages on certain passenger buses; sales of such beverages exempt from taxes on alcoholic beverages and Sales and Use taxes	
	SB 1	Tax amnesty program to encourage voluntary reporting of amounts due by delinquent and underreporting entities	
	SB 745	Amended Sales and Use tax to specify when services performed by temporary employment agency personnel for a client are exempt	
	SB 1120	Exempted compressed natural gas and liquefied natural gas, as motor fuels taxed under state law, from local or county excise taxes	
	SB 1390	Amended the Cigarette and Cigar and Tobacco Products taxes, including exempting cigarettes for research purposes and changing due dates	
	SB 1557	Amended Motor Fuel taxes, including changes to fuel sold tax-free to unlicensed purchasers, exporting of fuel and the Petroleum Product Delivery Fee	
<b>86th Legislature</b>			
2019	86th Legislature, Regular Session . . . . .		January 8—May 27, 2019

**TABLE 2 (continued)**  
**Legislative Sessions and Associated**  
**Major Tax, Fee and Revenue-Related Bills, 1971–2021**

Session/ Year	Bill Number	Effect	Session Dates
<b>86th Legislature (concluded)</b>			
	HB 3	Established the Tax Reduction and Excellence in Education Fund and two revenue sources to be deposited to the fund. The bill reduced recapture paid by local school district and have the effect of compressing local maintenance and operation property tax collections and would reduce local property tax collections	
	HB 1325	Created rules and regulations for the production of Hemp. The Department of Agriculture is required to set and collect fees to cover the cost of the program	
	HB 1525	Established a marketplace is a physical or electronic medium; marketplace providers are required to collect, report and remit taxes to the Comptroller's office on all sales of taxable items made through the marketplace	
	HB 1545	Reduced the taxing of ale and malt liquor to the same rate as beer and combines several types of licenses and permits as well as eliminated several other permit types	
	HB 2048	Repealed the Driver's Responsibility Program and eliminated the surcharges assessed on drivers convicted of certain driving offenses	
	HB 2153	Provided a single local use tax for remote sellers and allows remote sellers to elect to collect the single local use tax by notifying the Comptroller's office, instead of calculating and remitting local tax for numerous local jurisdictions	
	HB 3745	Extended Texas Emissions Reduction Plan (TERP) surcharge expiration to the date the commission publishes the notices required under section 382.037 of the Texas Health and Safety code and changed the deposit of the surcharge to Texas Emissions Reduction Plan Trust Fund 1201	
	SB 2	The bill required voter approval of tax rate calculations for special taxing unit increases over 8 percent above the no-new-revenue maintenance and operations tax rate while other taxing units the percentage would be 3.5 percent	
	SB 21	Increased the legal age for the sale, distribution, possession, purchase, consumption, or receipt of cigarettes, e-cigarettes, or tobacco products from age 18 to 21	
	SB 346	Amended several different codes relating to the allocation of state criminal court cost, increased certain costs, reduced other court costs and repealed certain court costs	
	SB 604	Repealed certain motor vehicle licensing and renewal fees	
	SB 616	Increased original and renewal driver's license fees and added \$60 for commercial driver's license hazardous materials endorsement	
	SB 1623	Exempts Nonprofit Legal Services Corporations from regulation by the Texas Department of Insurance; these entities will no longer report the applicable maintenance tax	
<b>87th Legislature</b>			
2021	87th Legislature, Regular Session . . . . .		January 12—May 31, 2021
	HB 1024	Allowed a holder of a mixed beverage permit and a food and beverage certificate from the Texas Alcoholic Beverage Commission (TABC) to sell beer, wine, and cocktails with food orders that are purchased for pickup or delivery, including delivery by a third party	
	HB 1195	Allowed a taxable entity to exclude from total revenue money that is received in federal loans or grants under certain Coronavirus and other related federal acts for purposes of franchise tax calculations	

**TABLE 2 (concluded)**  
**Legislative Sessions and Associated**  
**Major Tax, Fee and Revenue-Related Bills, 1971–2021**

Session/ Year	Bill Number	Effect	Session Dates
<b>87th Legislature (concluded)</b>			
	HB 1256	Required that one percent of the mixed beverage gross receipts and sales tax be deposited to Specialty Court GR Account	
	HB 2530	Changed the month for determining the rate of interest for refunds or credits from December of the previous calendar year to November of the previous calendar year. The interest rate paid on refunds or credits remained the lesser of the annual rate of interest earned on deposits in the state treasury or the prime rate plus one percent	
	HB 2896	Amended the Government Code and Transportation Code governing certain accounts and the dedication of certain revenue, postponed the expiration date of statutory provisions governing the use of dedicated revenue in treasury funds by the Comptroller's office, and revised the deadline by which the Comptroller's office is required to eliminate all dedicated accounts for specialty license plates	
	HB 4472	Redirected a portion of the Motor Vehicle Title fee from the Texas Mobility Fund to the Texas Emissions Reduction Plan Trust Fund.	
	HB 4492	Directed the Comptroller's office to invest not more than \$800 million of the Economic Stabilization Fund in debt obligations issued by the Electric Reliability Council of Texas	
	SB 197	Allowed nonprofit animal welfare organizations, as defined in the Health and Safety Code, to make animal sales and adoptions tax free.	
	SB 248	Expanded the definition of e-cigarette to include a consumable liquid solution or other material aerosolized or vaporized during the use of an electronic cigarette or similar device, regardless of whether the liquid or other material contains nicotine	
	SB 609	Established the Texas Music Incubator Program. The program allows eligible music venues and eligible music festival promoters to apply for a rebate of the mixed beverage gross receipts tax and sales tax paid on the sale of alcoholic beverages in the preceding fiscal year, up to a maximum of \$100,000	
	SB 938	Required that the Secretary of State waive all filing fees for new veteran-owned businesses	

Note: The expiration date for provision in Chapter 313 of the Texas Tax Code, also known as the 2001 Texas Economic Development Act, did not have the expiration date extended by the 87th Legislature. The act which provided temporary property value tax limitation incentives for qualifying businesses expired on Dec. 31, 2022.

## SOURCES OF REVENUE

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# Texas Taxes and Fees

## What's the Difference Between a Tax and a Fee?

There is no one universally agreed upon distinction between taxes and fees, and many people may not be able to tell the difference when paying a government levy. Unfortunately, the Texas Tax Code is of little help. For administrative purposes, it defines a tax and fee as the same thing. (See Texas Tax Code §101.003(13), which states “‘Tax’ means a tax, fee, assessment, charge, or other amount that the Comptroller’s office is authorized to administer.”)

Most distinctions between taxes and fees concentrate on both the use of the revenue and whether the levy is associated with some direct government resource the payer is accessing in conjunction with the levy (e.g., a “user fee”). Joseph Henchman of the Tax Foundation, a nonpartisan, private sector think tank, articulates this view succinctly by stating, “A tax has the primary purpose of raising revenue. By contrast, a fee recoups the cost of providing a service from a beneficiary.”

The IRS has taken a similar approach for federal income tax purposes:

*“A tax is an enforced contribution ... imposed and collected for the purpose of raising revenue to be used for public or governmental purposes. Taxes are not payments for some special privilege granted or service rendered and are, therefore, distinguishable from various other charges imposed for particular purposes under particular powers or functions of government.”*

*Rev. Rul. 77-29 (I.R.S. 1977).*

## Texas Taxes

This section discusses the major state taxes currently collected in Texas. A few relatively minor taxes (e.g., the Coin-Operated Amusement Machine tax and the Combative Sports Admissions tax) are excluded. The 84th Legislature (2015) repealed the following taxes, most of which were discussed in previous editions of *Sources of Revenue*: the Airline/Passenger Train Beverage tax, the Attorney Occupation tax, the Bingo Rental tax, the Controlled Substances tax, the Fireworks tax, the Inheritance tax, the Liquefied Gas tax, the Oil Regulation tax and the Sulphur Production tax.

The value of a set of goods or services, or other measure (e.g., “margin,” as with the Franchise tax), to which a tax rate is to be applied is referred to as the “tax base.” In this chapter — and throughout this publication — a number of discussions may be found concerning how the tax rates and tax bases of major taxes and fees have changed during the 1972-2022 period; a summary for each revenue source describes how it currently operates as of fiscal 2022.

Table 3 shows average annual growth rates for categories of state taxes during selected periods since 1972. The table also compares those rates of growth with personal income rates and the combination of inflation and population rates.

## Sales and Use Taxes

The group of taxes representing the largest amount of tax revenue, by far, of the state’s categories of taxes is the sales and use tax group. This group consists of the state’s single largest tax, the 6.25 percent Limited Sales and Use tax — commonly referred to as the Sales and Use tax or simply

the Sales tax, which most individuals and businesses pay on a regular basis. Sales taxes include the Boat and Boat Motor Sales tax. The Sales and Use tax group previously included the 2 percent Fireworks tax that was (see above) repealed in 2015. Since fiscal 1967, this sales group of taxes (at times represented by one, two or all three of the aforementioned taxes) has reigned as the state's single largest source of tax revenue. In 1972, the category accounted for 35.2 percent of total tax collections; over the next 50 years, its share has risen to 55.7 percent for 2022. (See Charts 1 and 2.) The sales tax group generated \$43 billion in fiscal 2022 — 99.7 percent or virtually all from the Sales and Use tax and 0.3 percent from the Boat and Boat Motor Sales tax.

In 1972, Texas' Sales and Use tax rate was 4 percent, the same as 15 other states and the ninth highest rate in the nation. Between 1972 and 2001, the Legislature increased the rate four times (once temporarily, three times permanently) to the current 6.25 percent. (See Appendix B.) Since 1972, the Legislature broadly expanded the Sales and Use tax base two times, in 1984 and 1987, to cover a wider range of taxable goods and services. (See Appendix C.) As of calendar year 2022, 46 states levied a sales and use tax, with 12 imposing a higher statewide rate than Texas. Texas, at 6.25 percent, is tied with Illinois and Massachusetts as the 13th highest state sales tax rate; California has the highest rate at 7.25 percent. (See Appendix D-2.)

Overall sales tax category collections totaled \$824 million in 1972; in 2022 collections reached \$43 billion, an 8.2 percent average annual growth rate for the 50-year period. (See Table 3 and Appendix G.) Over this period, however, the growth rate varied considerably. From 1972 to 1983, when the tax rate of the Sales and Use tax remained constant at 4 percent (the Boat and Boat Motor Sales tax had not yet been enacted; boats were generally taxed under the Sales and Use tax until fiscal 1992), the average annual growth rate was 13.5 percent. From 1983 to 1992, average annual growth dropped slightly to 11.1 percent, despite the aforementioned base broadening and rate increases. From 1992 to 2001, the average annual growth slowed to 6.2 percent.

As the effects of the 2001 U.S. recession began to be felt in Texas, annual category collections fell 1 percent to \$14.5 billion in fiscal 2002; receipts dropped another 1.6

percent to \$14.3 billion in fiscal 2003. The 2002 decline was the first annual decrease since 1983, when collections fell by 4.5 percent.

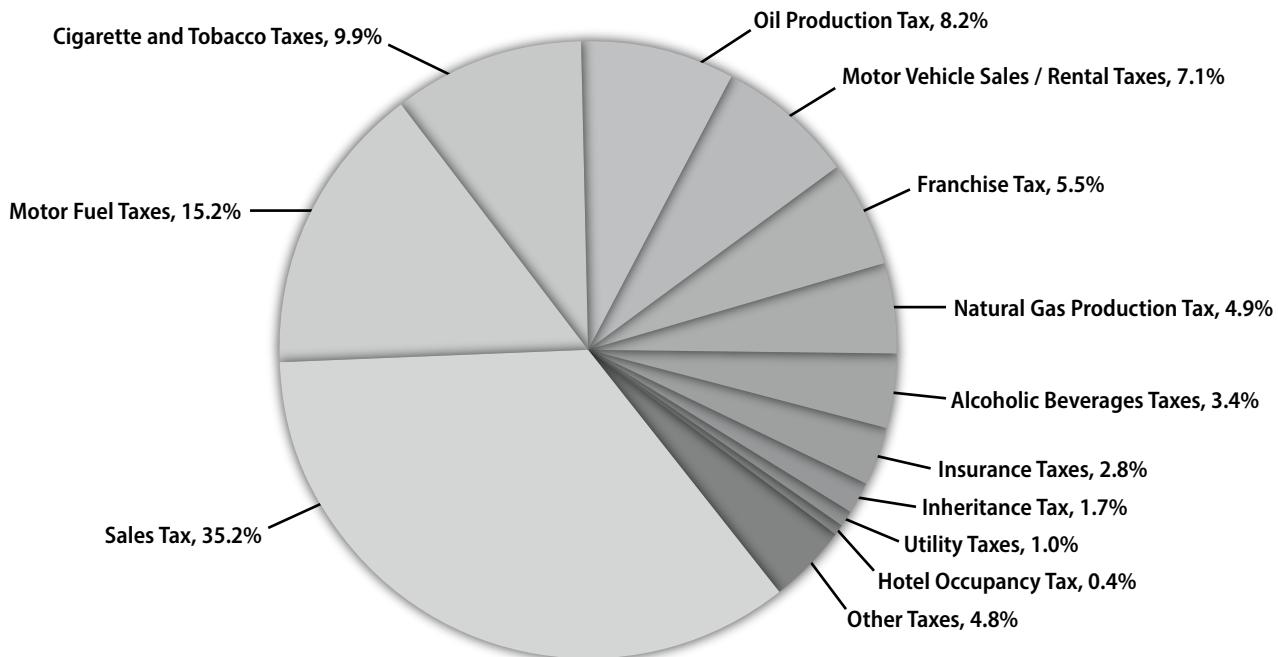
As the economy improved in 2003, so did sales tax collections. From 2003 to 2008, collections registered 8.6 percent average annual growth, peaking at 12 percent in 2006.

In 2009, another recession (the “Great Recession”) began to severely impact the Texas economy, and group collections declined that year by 2.7 percent. The rate of decline accelerated to 6.6 percent in 2010, the steepest annual decline since 1972. During this two-year period, collections fell by an average of 4.7 percent each year.

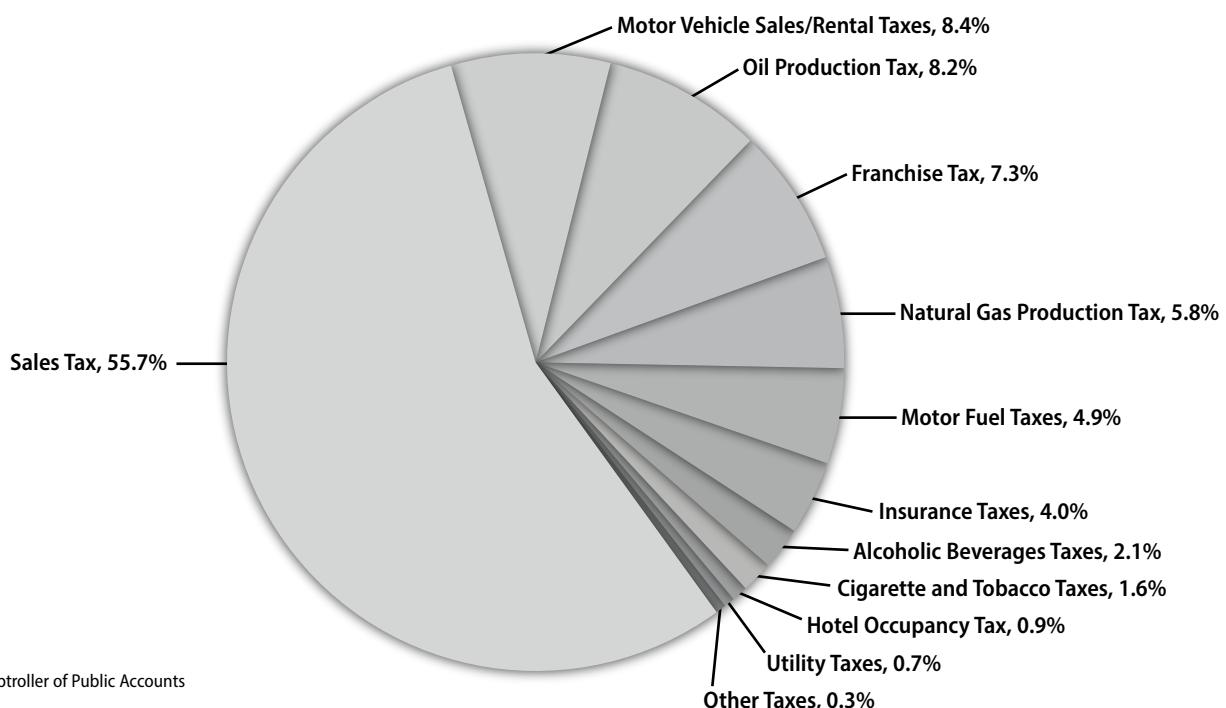
In 2011, category revenues rebounded strongly as the economy recovered, receiving a boost from activity in the rapidly growing shale oil plays in the Eagle Ford and Permian Basin areas, with collections growing by 9.4 percent. Sales tax growth continued to be strong as the general economy (and oil exploration) continued to improve with increases of 12.6 percent in 2012 and 7.2 percent in 2013. Revenue retrenched by 2.3 percent in 2016 as collapsing oil prices buffeted the Texas economy; rising prices and rig counts contributed to a modest revenue gain in 2017. Group sales tax collections grew sharply in 2018 by 10.5 percent, fueled by a robust statewide economy featuring an unemployment rate nearing a 40-year low and continued strength in oilfield activity. As with most other tax revenues, sales tax collections were down in the second half of fiscal 2020 as a result of the coronavirus pandemic, though they performed better than some of the taxes hit hardest by changes in consumer behavior in response to the outbreak. The average growth rate over the 2010-20 period for the Sales and Use tax group was 5.7 percent. In the two years following, revenue from sales taxes in fiscal 2022 increased by 19.4 percent from fiscal 2021. This was the largest percent increase since 1988.

The Boat and Boat Motor Sales tax was enacted in 1991 at 6.25 percent. It applies to all but the very smallest, self-propelled boats; it is not applicable to craft more than 65 feet in length. The Boat and Boat Motor Sales tax, unlike the Sales and Use tax, does not have the up-to-two-percent local option sales tax. In 1992, the first year of collections, the tax generated \$17 million; by 1999, revenue was \$41.9

**CHART 1**  
**Fiscal 1972 Total State Tax Revenue by Source**  
**\$2.344 Billion**  
**All Funds Excluding Trust**



**CHART 2**  
**Fiscal 2022 Total State Tax Revenue by Source**  
**\$77.211 Billion**  
**All Funds Excluding Trust**



Source: Texas Comptroller of Public Accounts

**TABLE 3**  
**State Tax Collections**  
**Average Annual Growth Rates for Selected Periods, Fiscal 1972-2022**

	Fiscal 1972 through Fiscal 1983	Fiscal 1983 through Fiscal 1992	Fiscal 1992 through Fiscal 2001	Fiscal 2001 through Fiscal 2003	Fiscal 2003 through Fiscal 2008	Fiscal 2008 through Fiscal 2010	Fiscal 2010 through Fiscal 2019	Fiscal 2019 through Fiscal 2022	Fiscal 1972 through Fiscal 2022
Personal Income	13.2%	6.1%	7.4%	2.5%	7.7%	0.5%	5.4%	5.7%	7.4%
CPI x Population	11.1%	5.3%	4.8%	3.6%	5.2%	2.6%	3.3%	5.4%	6.0%
Sales Taxes	13.5%	11.1%	6.2%	(1.3)%	8.6%	(4.7)%	6.3%	8.1%	8.2%
Oil Production Tax	18.0%	(8.9)%	(1.6)%	(2.2)%	27.7%	(16.2)%	16.2%	17.8%	7.3%
Natural Gas Production Tax	22.4%	(8.1)%	13.8%	(18.1)%	20.2%	(48.0)%	9.8%	38.4%	7.6%
Motor Fuels Taxes	3.0%	16.6%	3.9%	1.3%	1.8%	(1.0)%	2.3%	0.4%	4.8%
Motor Vehicle Sales and Rental Taxes	12.1%	8.5%	10.1%	(3.7)%	4.4%	(11.3)%	7.4%	8.8%	7.6%
Franchise Tax	14.2%	7.8%	6.7%	(6.4)%	21.0%	(6.9)%	1.0%	10.4%	7.9%
Cigarette and Tobacco Taxes	3.9%	5.7%	0.0%	(0.2)%	19.9%	(2.0)%	0.2%	(5.0)%	3.4%
Alcoholic Beverage Taxes	11.9%	4.0%	3.8%	2.4%	6.7%	1.6%	6.0%	6.3%	6.0%
Insurance Taxes	11.7%	9.8%	5.3%	19.4%	4.4%	(4.4)%	7.8%	6.3%	7.9%
Utility Taxes	22.5%	(0.3)%	5.1%	(1.6)%	8.9%	(2.5)%	(0.2)%	5.7%	6.5%
Inheritance Tax	7.6%	5.3%	9.6%	(23.9)%	(50.5)%	(87.9)%	NA	NA	NA <sup>(1)</sup>
Hotel Occupancy Tax	15.2%	13.6%	7.7%	(3.9)%	10.2%	(5.6)%	7.5%	3.2%	9.2%
Other Taxes	(0.3)%	(7.9)%	(2.3)%	2.5%	32.1%	(9.9)%	9.6%	(6.4)%	2.1%
All Taxes	12.4%	7.2%	6.2%	(2.0)%	9.6%	(7.5)%	5.9%	9.1%	7.2%

<sup>(1)</sup> Inheritance Tax was repealed effective September 1, 2015. Liabilities occurring before that date were not affected. Beginning in 2018, residual post-repeal activity is reported in the tax revenue category of Other Taxes.

Source: Texas Comptroller of Public Accounts; IHS Markit

million. Buffeted by two recessions, the tax has grown more slowly, reaching \$86.4 million in fiscal 2020. In fiscal 2021, however, collections grew by 34.5 percent, reaching \$116.2 million — the largest year-to-year increase since 1993.

Sales and Use tax revenue (but not Boat tax revenue) is affected by the amendment to the Texas Constitution approved by voters in November 2015. (See further discussion under the section on Motor Vehicle Sales Taxes.) To provide additional funding for road construction and maintenance, each net dollar of collections — after reaching \$28 billion in a year and up to an annual maximum of \$2.5 billion — is to be sent to the State Highway Fund. After the maximum of \$2.5 billion is reached, all remaining collections beyond \$30.5 billion is to be deposited in the manner otherwise provided by law. These provisions expire at the end of fiscal 2032, unless extended by the Legislature.

### Franchise Tax

A corporate income tax is the principal tax on business entities in 44 states. (See Appendix D-3.) Currently in Texas, corporations, partnerships, limited liability companies and

other forms of business pay the state Franchise tax. Texas does not have a corporate income tax. Prior to 2008, only corporations and limited liability companies were subject to the Franchise tax.

Over the years, this tax revenue has fluctuated, in part because of court challenges, base erosion and tax planning opportunities. In fiscal 1972, the tax was levied at an effective rate of \$4.25 per \$1,000 of taxable capital, and it produced \$128.8 million in tax revenues that year — 5.5 percent of all state tax revenues. Between 1972 and 1983, revenues grew at a 14.2 percent average annual rate. (See Table 3.)

By 1986, one year after a rate hike to \$5.25 per \$1,000 of taxable capital, the tax generated \$901 million and accounted for 8.8 percent of state tax revenues. (See Appendix B.) However, by 1990, net revenues had fallen by a third to slightly below \$600 million.

In an effort to stabilize the base and spread the tax burden more equitably, the 72nd Legislature (1991) rewrote the Franchise tax and added a new base component — earned surplus — defined roughly as federal taxable income

plus officer and director compensation. The revamped tax imposed a 4.5 percent tax on earned surplus and reduced the basic tax rate to \$2.50 per \$1,000 of taxable capital, down from \$5.25. Taxpayers paid the higher of the tax calculated on each of the two base components. By 1999, Franchise tax revenues had climbed to \$2.1 billion and accounted for 8.8 percent of total state tax revenues.

In contrast to the 6.7 percent average annual growth rate for the 1992-2001 period, Franchise tax revenues declined by an average of 6.4 percent per year during the 2001-03 economic downturn, falling to \$1.7 billion in 2003. Revenues climbed to \$3.1 billion in 2007, the final year of collections under the earned surplus-based tax structure, a 16.3 percent average annual growth rate from 2003. These gains were propelled in large part by high returns in the energy industry.

In response to the need for more state revenue to fund school property tax relief and mounting concern over the long-term viability of the tax (notably, increasing use of “loopholes”), the 79th Legislature, Third Called Session (2006), made a substantial Franchise tax change. The changes made limited partnerships, certain general partnerships, business trusts and others subject to the tax. Sole proprietorships, passive entities and general partnerships directly owned only by natural persons are not subject to the tax.

The former tax base of earned surplus and capital was replaced with a firm’s “margin,” defined as total revenue less the greater of: 1) the cost of goods sold, 2) total compensation or 3) 30 percent of total revenue. For most taxable entities, the tax rate on margin was set to 1 percent. Firms in retail and wholesale trade, however, paid at 0.5 percent. The Legislature set these and other changes to the Franchise tax to take effect for reports due after January 1, 2008, making fiscal 2008 the first year in which the changes affected revenue.

The rebased Franchise tax produced almost \$4.5 billion in 2008, 41.6 percent more than in 2007 under the old base. Of that amount, \$1.6 billion was placed into the Property Tax Relief Fund and the remainder went to the General Revenue Fund. The division of Franchise tax revenue between the funds is based on the Comptroller’s estimate of the revenue that would have been generated if changes

to the law enacted in 2006 had not been passed. Franchise tax collections in excess of that estimate are deposited in the Property Tax Relief Fund.

Beginning in 2010, the total revenue, no-tax-due threshold was increased from \$300,000 to \$1 million and scheduled for adjustment every two years to reflect changes in the Consumer Price Index. For filing year 2014, the Legislature temporarily reduced the 1 percent tax rate to 0.975 percent and the 0.5 percent tax rate (for those in the wholesale and retail trades) to 0.4875 percent, along with the addition of a fourth margin calculation of total revenue minus \$1 million. The two primary tax rates were temporarily lowered again for filing year 2015 to 0.95 and 0.475 percent, respectively.

The 84th Legislature (2015) permanently reduced the primary Franchise tax rates from 1 percent to 0.75 percent and from 0.5 percent to 0.375 percent; both reductions began with filing year 2016.

In 2020, total Franchise tax collections were \$4.42 billion. The average annual growth rate of the Franchise tax (across several tax bases and multiple rates) has been 7.6 percent from 1972 through 2020. Because Franchise taxes due in fiscal 2020 were based on 2019 economic activity, collections were not affected by the pandemic. Fiscal year 2022 saw a significant increase of 25.2 percent, with collections reaching more than \$5.6 billion — the largest year-to-year increase since 1992.

## Severance Taxes

The Oil Production tax has been levied at its current rate, 4.6 percent of the taxable value of oil produced, since 1951; no other major state tax rate has remained unchanged for so long. Despite the long-term rate stability, tax receipts have exhibited large swings in response to the rise and fall of Texas oil production and the price of oil. Another tax on oil production, the Oil Regulation tax, was previously levied at three-sixteenths of 1 cent per barrel (and only periodically generated more than \$2 million annually) until repealed by the 84th Legislature (2015).

Oil prices maintained a range of approximately \$2.50 to \$3.00 per barrel from the late 1940s through the end of the 1960s. (In this section, references to the prices for crude oil and natural gas are market prices.)

In fiscal 1972, Texas collected \$193 million in Oil Production and Oil Regulation taxes; the average price in calendar 1972 was \$3.39 per barrel. The price level was shocked in 1973 by the Arab Oil Embargo. Prices responded to that, and later events, by more than tripling by the end of that decade; prices continued to climb into the \$30 range by the early 1980s before a price collapse in 1986 (and attendant collapse in domestic production) resulted in a long period of declining prices, ultimately hitting a plateau of approximately \$15 per barrel that persisted through the 1990s. By 1999, Oil Production and Regulation tax revenue slid to just \$210.8 million.

By fiscals 2000 and 2001, annual tax revenue collections were double that of 1999, reaching \$416.6 and \$442.6 million as oil prices doubled from the 1999 average to \$26.70 and \$29.76, respectively. Texas oil production, however, never returned to the 1.2 billion barrel annual peak seen in the early 1970s. Annual production in 2000 and 2001 hovered around 400 million barrels. Faltering in the wake of the Sept. 11, 2001, terrorist attacks, prices dropped to \$19.40 by December 2001. Although prices recovered to \$26.95 by May 2002, reflecting the geopolitical conflicts in the Middle East and restrained production by OPEC and other major producers, 2002 tax revenues declined to \$338.7 million.

Tax revenues climbed to \$423.6 million in 2003, as oil prices temporarily reached \$35.73 per barrel in February 2003 in anticipation of potential supply disruptions caused by the Iraq war; the average price in 2003 was \$30.11. In 2004, supply disruptions from major producing countries and hurricane damage to oil and natural gas infrastructure in the Gulf of Mexico, along with heightened uncertainty regarding OPEC's spare capacity to meet growing world oil demand, pushed prices to \$40.28 by May 2004 and raised the year's average to \$34.55.

Over the next four years, oil prices continued to set new records in response to diminishing worldwide spare production capacity, growing demand led by emerging markets, ongoing geopolitical threats and supply disruptions and the declining value of the U.S. dollar in which most of the world's oil sales are denominated. In June 2008, those factors caused the taxable oil price to explode to \$134.02. For 2008, with the price averaging \$101.93, Oil

Production and Regulation taxes reached an all-time high of more than \$1.4 billion, surpassing the previous record set in 1982. With the onset of the recession, the oil price and tax revenues declined. The average price fell to \$39.26 in February 2009 as the credit crisis deepened, demand slowed and excess supply grew. Prices eventually recovered and averaged \$64.09 for the year. Likewise, Oil Production and Regulation tax collections fell to \$884.5 million for 2009, a 38.4 percent drop. Prices strengthened further and averaged \$76.32 in 2010 and \$91.25 in 2011.

At the same time of these price increases and Texas' recovery from the Great Recession, a signal event was occurring in the Texas petroleum industry: wide-scale production from shale oil deposits. By the end of calendar 2014, overall Texas production of crude oil had tripled in roughly four years. Prices were holding in the \$90-\$100 range during this time. Oil Production and Regulation tax revenue surpassed \$3.8 billion in 2014. Abruptly, a world oil glut sent prices tumbling to a bottom of \$30.62 for February 2016 before steadyng near \$45 during mid-2016. Texas production declined sharply as new wells almost ceased to be drilled and existing well production declined over time, as is normal. As such, by 2016, the still-in-effect Oil Production tax — the small Oil Regulation tax had been, by this time, repealed — revenue fell to \$1.7 billion. As prices rebounded, so did the number of rotary rigs operating in Texas.

By the end of fiscal 2018, the price had consistently risen over the year to average \$67.85, and the rig count had more than doubled to 528. Production of crude oil had risen to a level surpassing the state's production peak in 1972 and set an all-time high of 4.76 million barrels of oil per day in December 2019. In turn, oil production tax revenue in fiscal 2018 surged to \$3.39 billion, a 60.9 percent increase over 2017, and set a new record of \$3.89 billion in fiscal 2019. Oil Production tax revenue in fiscal 2020 declined to \$3.23 billion as prices and production in Texas declined in response to the coronavirus pandemic. By the end of fiscal 2022, Oil Production tax collections had nearly doubled the collections from two years prior, reaching more than \$6.3 billion.

The Natural Gas Production tax is set at 7.5 percent of market value, a rate unchanged since 1969. In fiscal 1972,

tax collections were \$114.4 million. Natural Gas Production tax revenues have generally followed the trend set by Oil Production tax revenues, peaking at \$1.1 billion by 1985 before entering a long period of stable production and low natural gas prices until 2001.

Natural gas prices began a rapid rise in the middle of 2000 during record breaking winter cold, and those higher prices helped kick-start production development in the Barnett Shale and other places in Texas. The higher production and prices generated record tax collections in 2001 of \$1.6 billion, an astounding 128.9 percent more than the previous year, with an average price of \$5.39 per million British Thermal Units. In 2002, recessionary pressures pushed the average price down to \$2.87, and tax revenue fell to \$628.5 million.

With the improved economy in 2003, both prices (averaging \$4.78) and revenues (just shy of \$1.1 billion) rebounded. As economic growth continued, increasing natural gas demand pushed prices higher in 2004, to an average \$5.48. Those conditions led to the rapid growth in production and increased 2004 revenues by 30.2 percent to \$1.4 billion. Revenues continued increasing in 2005, reaching \$1.7 billion as prices averaged \$6.57.

In August 2005, Hurricane Katrina devastated the oil and natural gas industry's pipelines, platforms and other related facilities, leading to significant production losses. With diminished Gulf natural gas production, continuing strong demand and speculative investments by hedge funds, prices moved from more than \$7 in June 2005 to more than \$13 in December of that year. The 2006 average price climbed to \$9.27, with tax collections at \$2.3 billion. In 2007, continued growth of natural gas production led by the Barnett Shale formation, a warmer than average winter, an unrealized hurricane forecast and a record setting storage inventory caused the average price to decline to \$7.07, and revenue fell to \$1.9 billion.

In 2008, technological innovations in the extraction of shale gas made natural gas more plentiful and competitive. Texas natural gas production grew rapidly and surpassed 7 trillion cubic feet for the year, the highest since the 1970s, and prices continued to rise. The average price of natural gas spiked to almost \$13 in June 2008, and the 2008 annual

average increased to \$8.46. Tax collections, rising more than 41.6 percent from 2007, set a record high of \$2.68 billion.

The national recession caused the demand for natural gas to begin weakening in early 2008 while production continued to rise, resulting in prices plummeting to below \$4 by April 2009. The annual average price in 2009 fell to \$5.94. Tax collections dropped by 47.6 percent to \$1.4 billion due to lower price levels as well as record natural gas tax refunds of more than \$500 million associated with high-cost gas wells. For 2010, prices dropped to \$4.21; tax collections dropped to \$725.5 million, after almost \$480 million in refunds.

By 2018, Texas production had been stable to slightly decreasing for several years, as big shale fields continued to develop in the eastern United States. Prices, always variable, had generally been trending downward during this time, as well. During fiscals 2015 through 2018, prices remained in the \$2-\$3 range, finishing August 2018 with an average of \$2.91. Tax collections were \$1.43 billion for 2018, a 45.6 percent increase over 2017. Noteworthy has been the increasing importance of casinghead, or oil well-associated natural gas production, versus gas produced from dedicated natural gas wells. A decade earlier, this category of gas made up less than 10 percent of overall natural gas production in Texas; by 2018, owing to the tremendous growth of oil exploration combined with declining gas well drilling, casinghead gas' portion of total natural gas production was approaching one-third.

Consumption of natural gas peaked in 2019 at 3,409,295 million cubic feet in the U.S., causing the price of natural gas to surge to a high of \$4.84 in the winter. Prices then quickly fell back and remained in the \$2-3 range for the rest of the year and into the beginning of 2020. The coronavirus, however, caused the natural gas market to contract in 2020, largely due to decreased demand in the industrial sector, pulling prices to a low of \$1.48 in the midst of the pandemic. In fiscal 2020, natural gas prices averaged \$2.10 and natural gas production tax collections fell to \$925 million, down 45.1 percent from the prior year. However, over the following two years, collections grew 69.5 percent in fiscal 2021 and rallied to a 185 percent increase in fiscal 2022, with collections topping more than \$4.4 billion.

Similar in some respects to the constitutional amendment discussed earlier in the Limited Sales and Use Tax section, Texas voters had earlier approved another change to the Texas Constitution intended to provide additional funding for road construction and maintenance. Under Senate Joint Resolution 1, approved by voters in November 2014, the flow of dollars associated with crude oil and natural gas revenue in excess of certain threshold amounts and previously dedicated solely to the state's Economic Stabilization ("Rainy Day") Fund have been permanently bifurcated: Up to 50 percent of those funds now go annually to the State Highway Fund, while the remainder continues to flow to the Economic Stabilization Fund. In fiscal 2023, the Economic Stabilization Fund and State Highway Fund each received \$3.64 billion in transfers from the General Revenue Fund for severance taxes collected in fiscal 2022.

## **Motor Fuel Taxes**

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Motor Fuel taxes consist of the state's consumption taxes on gasoline, diesel fuel, compressed natural gas and liquefied natural gas. In fiscal 1972, gasoline was taxed at 5 cents per gallon, and diesel fuel was taxed at 6.5 cents per gallon. Total Motor Fuel tax collections in 1972 were \$355.8 million, of which taxes on gasoline accounted for 90 percent. Between 1972 and 1983, the tax rates for these fuels were unchanged, and total revenue collections grew by an average of 3 percent per year. (See Table 3 and Appendix G.)

In contrast, from 1983 to 1992 the Legislature increased the tax rates on gasoline and diesel fuel once temporarily and three times permanently to the current rate of 20 cents per gallon. During this period, collections increased by an average 16.6 percent per year to \$1.95 billion. (See Appendix B.)

From 1992 to 2018, a period with no tax rate and no appreciable base changes, revenue collections increased an average of 2.5 percent per year. In 2018, collections topped \$3.74 billion, the highest annual amount ever collected. These collections decreased to \$3.52 billion in 2020 and quickly rebounded to \$3.78 billion in 2022. The share of Motor Fuel tax collections in 2022 from the Gasoline tax was 74 percent. From 1972 to 2022, the average annual growth rate in total category collections was 4.8 percent.

As with other taxes, Motor Fuel tax collections fell in the second half of fiscal 2020 as a result of the coronavirus pandemic, which caused a significant reduction in vehicle miles driven.

## **Motor Vehicle Taxes**

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Motor Vehicle taxes consist of the Motor Vehicle Sales and Use tax; the Motor Vehicle Sales and Use tax—Seller-Financed Motor Vehicles (the same tax but applicable in certain circumstances and differing only in the manner of collection and remittance of tax revenue); the Motor Vehicle Rental tax; and the Manufactured Housing Sales and Use tax. In fiscal 1972, collections from Motor Vehicle taxes totaled \$167.1 million.

Collections from 1972 through 1983 for all Motor Vehicle taxes grew strongly by an average of 12.1 percent each year. (See Table 3 and Appendix G.) From 1983 to 1992, collections slowed to an average pace of 8.5 percent annually; revenue was dampened by two recessions in Texas, boosted by multiple tax rate increases, and broke \$1 billion in annual collections for the first time in 1989. From 1992 through 2001, average annual growth improved to 10.1 percent; annual collections first exceeded \$2 billion annually in 1997. An economic slowdown caused collections to decline in the 2001-03 period by an average of 3.7 percent each year. Collections for this category of taxes improved at a single-digit pace through 2007, were flat in 2008 and then plummeted by 22.2 percent in 2009 as the Great Recession reached Texas. Fiscal 2010 was the beginning of the return to normal with a slight 1.1 percent increase, followed by years generally marked by strong increases from 2011 to 2015. Following weak 2016 and 2017 results, collections from Motor Vehicle taxes were \$4.97 billion in 2018, an increase of 9.7 percent from 2017. The average annual growth rate was 7.6 percent from 1972 to 2022.

In 1972, the Motor Vehicle Sales and Use tax rate was 4 percent. From 1983 to 1992, the Legislature increased the sales and use tax rate three times, reaching the current 6.25 percent rate in 1991. (See Appendix B.)

The 77th Legislature (2001) imposed a 2.5 percent surcharge on every retail sale, lease or use of a 1996 model or earlier diesel motor vehicle weighing more than 14,000

pounds. In 2003, model 1997 newer diesel motor vehicles were assessed the surcharge at a 1 percent rate, and in 2005, certain diesel-powered vehicles used for recreational purposes were exempted from the surcharge. Revenues from the surcharge are dedicated to the Texas Emissions Reduction Plan Trust Fund and will expire the last day of the fiscal biennium in which the state attains compliance with the federal ambient air quality standards for ground-level ozone.

The Motor Vehicle Rental tax has a two-tier rate structure: 10 percent for rentals of 30 days or less and 6.25 percent for rentals of 31 to 180 days. Rentals longer than 180 days are classified as leases, with the vehicle taxed under the Motor Vehicle Sales and Use tax. Motor vehicle sales and rental taxes fell by nearly 4 percent from fiscal 2019 to fiscal 2020, due to a temporary collapse in vehicle purchases during the coronavirus pandemic. By the end of 2022, this tax group rebounded to collections of \$6.4 billion and had an 8.8 percent rate of growth from 2019 to 2022. (See Table 3.)

The Manufactured Housing Sales tax is levied on the initial sale of every new manufactured home sold in the state at the rate of 5 percent of 65 percent of the manufacturer's selling price.

All the taxes in this Motor Vehicle tax group, except the Manufactured Housing Sales tax, were affected by the amendment to the Texas Constitution approved by voters in November 2015. (See discussion in the section on Sales and Use taxes.) With respect to Motor Vehicle Sales and Use and Motor Vehicle Rental taxes, 35 cents of each net dollar collected annually — after reaching \$5 billion — is to be sent to the State Highway Fund; the remaining 65 percent remains in the General Revenue Fund. These provisions expire at the end of fiscal 2029, unless extended by the Legislature.

## **Cigarette, Cigars and Tobacco Products Taxes**

This category of taxes on tobacco-based products includes the Cigarette tax and the tax on Cigars and other Tobacco Products. In fiscal 1972, the Cigarette tax rate was 18.5 cents per pack of 20 cigarettes. Between 1984 and 1990, the tax rate increased four times, and the rate was stable at 41 cents until January 2007. At that time, the rate increased to the current \$1.41, with the additional revenue to be deposited to the newly created Property Tax Relief Fund,

as was the gain from the increase in tax rate on snuff passed in the same bill. (See more below and Appendix B.) Almost all the growth in Cigarette tax revenues since the mid-1980s is from legislative rate increases, as decreasing consumption has gradually eroded the underlying base due to health-related concerns, price increases and changing social attitudes.

Between 1972 and 2011, the tax on cigars was unchanged, other than a rate reduction for certain large cigars in 1975 that was expanded in 1977. The tax on tobacco products other than cigars and cigarettes (chewing tobacco, pipe tobacco and roll-your-own tobacco) was applied to snuff in 1984, and the rate was increased three times from 1987 to 2006, reaching 40 percent of the manufacturer's list price (effective January 2007). The Legislature subsequently changed the tax on those tobacco products, effective in September 2009, from a tax based on their value to a tax based on their product weight, with an initial rate of \$1.10 per ounce. The rate increased by 3 cents per ounce annually through fiscal 2013 to the current rate of \$1.22 per ounce.

In 1972, total tax collections from the Cigarette, Cigars and Tobacco Products tax category were \$232.3 million, with 96 percent of the revenue from the Cigarette tax. From 1972 to 1983, a period with no significant tax rate changes to these products, revenue collections increased by an average of 3.9 percent per year. Between 1983 and 1992, collections rose by an average of 5.7 percent per year, reflecting the gains of tax rate changes, but over the following 11 years, collection levels, on average, were flat. Following the Cigarette tax increase in January 2007, those revenues grew substantially through 2008. (See Table 3.) Since that time, Cigarette tax revenues have been generally flat. Cigar and Tobacco Products tax (including snuff) collections exhibited a strong gain in 2010 when the tax base for snuff was changed; since then, growth in collections for these products has been modest to flat. In 2022, total group tax collections were \$1.2 billion — 80 percent from the Cigarette tax. From 1972 through 2022, category collections have grown by an average annual rate of 3.4 percent.

## **Alcoholic Beverage Taxes**

Texas levies five taxes on alcoholic beverages: the Liquor, Wine, and Malt Beverage excise taxes (previously

collected separately as Malt Liquor and Beer tax); and the Mixed Beverage Gross Receipts tax and Mixed Beverage Sales tax on all alcoholic beverages sold to consumers by restaurants and bars that are permitted to serve liquor. Together, these comprise the Alcoholic Beverage category of taxes. (One other tax, the Airline/Passenger Train Beverage tax on alcoholic beverages sold by those common carriers to their customers, was repealed by the 84th Legislature (2015)). In fiscal 1972, Alcoholic Beverage tax collections totaled \$78.6 million, with the Mixed Beverage tax accounting for about one-sixth of total revenue. Changes in social attitudes, consumer preference between beverage types, health concerns, a higher drinking age and changes in federal excise taxes have likely been some of the factors contributing to changes in alcohol usage over the past decade. Per capita beer consumption has been trending downward, wine and liquor have been increasing, and total per capita consumption has remained largely unchanged to slightly up.

Total Alcoholic Beverage tax collections increased by an average annual growth rate of 6 percent over the 1972-2022 period. The Mixed Beverage Gross Receipts tax became effective on July 1, 1971 (see Appendix B and D-2), and the expansion of businesses permitted to serve “liquor by the drink” pushed total alcohol tax revenue growth by an average 11.9 percent annually between 1972 and 1983.

Between 1983 and 1992, category revenue growth slowed to 4 percent annually, although the 71st Legislature raised the Mixed Beverage Gross Receipts tax rate from 12 percent to 14 percent in 1990. Tax collections grew slowly during the recession of the early 2000s; from 2003 to 2008, the annual growth rate increased to 6.7 percent, but the Great Recession constrained average category growth to 1.6 percent in 2009 and 2010. Alcoholic Beverage tax revenues collections totaled \$1.13 billion in 2020. This was a 17.8 percent decrease from the year before, which can be attributed to the mandated shutdown of bars and capacity restrictions on restaurants due to the coronavirus pandemic. By the end of 2022, collections exceeded pre-pandemic levels with \$1.63 billion in revenues.

The 83rd Legislature (HB 3572, effective Jan. 1, 2014) lowered the rate of the Mixed Beverage Gross Receipts tax (imposed on the mixed beverage permit holder) from 14

percent to 6.7 percent and imposed a Mixed Beverage Sales tax at a rate of 8.25 percent. (See Tables 1 and 2.) The revenue from these two taxes on mixed beverages accounted for 84 percent of total Alcoholic Beverage category revenue in 2022.

The 86th Legislature (HB 1545, effective Sept. 1, 2021) repealed and combined various licenses and replaced references to “beer” and “malt liquor” with “malt beverage.”

## **Insurance Taxes**

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Insurance taxes include Insurance Premium taxes and more than a dozen Insurance Maintenance taxes collected on behalf of the Texas Department of Insurance. Insurance Premium taxes, which account for the majority of Insurance tax collections, generally apply to taxes paid on insurance that covers risk located in this state.

Premium taxes are levied on an insurance company’s written premiums and varies by type of insurance. The tax rates for licensed insurers are applied to gross premiums and are:

- 1.75 percent accident and health insurance.
- Life insurance and Health Maintenance Organizations pay 0.875 percent on the first \$450,000 of premiums and 1.75 percent thereafter.
- 1.6 percent for property and casualty insurance.
- 1.35 percent for title insurance.
- 0.5 percent for licensed captive insurers.
- 4.85 percent for unauthorized, surplus lines and independently procured insurance. Surplus lines premium tax is collected from the insured by a licensed surplus lines agent; unauthorized taxes are the responsibility of the insurer, the insured or the agent; and independently procured taxes are the responsibility of the insured or its designated agent. (See Appendix F)

Insurance Maintenance taxes are levied on specific lines of insurance for the purpose of recouping the regulatory costs incurred by the Texas Department of Insurance, which sets the tax rates annually (subject to statutory caps) for each line of insurance.

From 1972 to 1995, Insurance Premium taxes underwent extensive legislative modifications involving rate structure, tax base and available tax credits. These legislative changes, coupled with premium volume growth, boosted total Insurance tax revenues to more than \$2.74 billion in 2020 from \$66.5 million in 1972, yielding an 8 percent average annual growth rate.

From 1992 to 2001, vigorous rate competition yielded a 5.3 percent average annual growth rate, but, as many insurers imposed stricter underwriting criteria and initiated a series of premium hikes, the annual growth jumped to 19.4 percent between 2001 and 2003. (See Table 3 and Appendix G.) From 2003 to 2008, annual revenue growth slowed to 4.4 percent, reflecting increased competition and an end to the previous years' rate adjustments.

In 2009, revenue was down by 13.3 percent as a result of a recession-related decrease in premiums written and an increase in tax credits allowed for certified capital company (CAPCO) program investments and Texas Windstorm Insurance Association-related assessments. Following the Great Recession, collections rose — first modestly and then at a double-digit pace during the 2012-14 period. Collections for the Insurance category totaled \$66.5 million in 1972; 2022 collections reached \$3.12 billion, a 7.9 percent average annual growth rate for the 50-year period.

## **Hotel Occupancy Tax**

The Hotel Occupancy tax is imposed on a person who pays for a room or space in a hotel that costs \$15 or more per day levied on room receipts. In 1972, with a state rate of 3 percent, tax collections totaled \$8.5 million. Legislation in 1984 and 1987 brought the rate to the current 6 percent (in addition to the local-option hotel taxes, at various rates, levied in many locations). Collections reached \$601.2 million in 2018, a 9.7 percent average annual increase from 1972. By the end of 2020, revenues dipped to \$481.6 million due to limited travel caused by the coronavirus pandemic. (See Table 3 and Appendix G.) Other non-legislative factors affecting the growth of revenue collections include population change, business travel and inflation. By the end of 2022, Hotel Occupancy Tax collections nearly doubled the 2020 revenue amounts with \$700 million in collections.

## **Utility Taxes**

Utility taxes are a group of three related revenue sources. The largest, with 82 percent of total 2022 category revenue, is the Gas, Electric, and Water Utility tax, levied at a rate varying from 0.581 percent to 1.997 percent of gross utility receipts, depending on a city's population. Next, with 11 percent of 2022 revenue, is the Public Utility Gross Receipts assessment, created by the 64th Legislature (1975) and levied at one-sixth of 1 percent of gross receipts. The third is the Gas Utility Pipeline tax, levied at 0.5 percent of gross income.

Utility tax revenues totaled \$24 million in 1972 and were \$557 million in 2022, a 6.5 percent average annual growth rate. The most rapid growth in this revenue group occurred between 1972 and 1983, when the average annual growth rate was 22.5 percent. Since 1983, collections have been more variable, with growth averaging only 2 percent per year. (See Table 3 and Appendix G.)

## **Other Taxes**

Other taxes levied in Texas include the Oil Well Service tax, the Coin-Operated Machine tax, the Cement Production tax and the Combative Sports Gross Receipts tax. Revenue from this group totaled \$268 million in 2022, compared with the \$111.8 million collected in 1972, an average annual increase of 0.3 percent. The slow long-term increase occurred despite the repeal of a number of taxes formerly classified in this group, most notably the state Ad Valorem (property) tax. Other taxes that no longer exist include the Telephone Company tax, the Bingo Gross Receipts tax, the Bedding Stamp tax and several small occupation taxes relating to such diverse enterprises as pistol dealers, car companies, stockbrokers and express companies. Further, the 84th Legislature (2015) repealed several taxes that had been in this group of taxes, namely the Controlled Substances tax, the Attorney Occupation tax, the Sulphur Production tax and the Bingo Rental tax.

## **Texas Fees**

This section reviews the major state fees collected in Texas. These fees are paid by businesses and individuals for a variety of purposes. Many are collected to cover the costs

of registrations, licenses, permits and other certificates. Others include tuition fees and court costs. Fees are presented here and in Table 4 for seven broad categories: Transportation, Business Regulation, Natural Resources, Parks and Wildlife, Education, Health and Other. In fiscal 2020, \$6.53 billion in fees were collected compared with \$300.8 million in 1972, an average annual growth rate of 6.3 percent.

Recent editions of *Sources of Revenue* have used a \$50 million annual collection threshold to determine the fees highlighted in this discussion and Table 4. This updated edition follows the same practice, and allowing for programmatic and statutory changes, the individual fees discussed are the same as those covered in the previous three editions. (Note: The Non-Bypassable Utility fee was set at a zero rate for several years; it has now become statutorily inactive and, having not generated revenue in any significant amount for five years, is not individually remarked upon in this edition.) As before, exceptions to this threshold occur. It's important to note that fees deposited to trust funds are not included in the figures in Table 4.

## **Transportation Fees**

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Transportation fees apply to activities related to owning and operating a motor vehicle in Texas — registrations, inspections, titles, driver licenses and other miscellaneous fees.

Since the 1920s when Texas enacted motor vehicle registrations, transportation fees have generated more fee revenue than any other fee category. In fiscal 1972, transportation fees totaled \$194.2 million and accounted for 64.6 percent of total state fee collections. In 2022, revenues from these fees had risen to \$2.5 billion, and while still the largest source of fee revenue, its share had fallen to 38.3 percent. Transportation fees grew by an average annual rate of 5.2 percent over those 50 years, the slowest growth rate of any state fee category.

Fees for motor vehicle registration are constitutionally dedicated for acquiring rights-of-way and for constructing, maintaining and policing public roadways. Motor vehicle registration fees include registrations for all cars, trucks, motorcycles and other vehicles, as well as specialty license plates (available for an amount in addition to the fee for

registration). The 68th Legislature, Second Called Session (1984), increased the rate for the universal registration sticker, which applies to passenger vehicles and light trucks, by \$25 per vehicle, phased in over a three-year period beginning in 1985. The fee changed from one based on gross weight to one based on the age of the vehicle, resulting in a variable rate for the universal registration sticker ranging from \$40.50 to \$58.50. Effective September 2011, the rate was changed back to a weight basis in which vehicles of 6,000 pounds or less pay a fee of \$50.75 and vehicles of more than 6,000 pounds pay a variable fee from \$54 to \$840. In 2001, a 10 percent registration surcharge was added for certain diesel trucks to fund the Texas Emissions Reduction Plan. The surcharge is set to expire the last day of the fiscal biennium in which the state attains compliance with the federal ambient air quality standards for ground-level ozone. Registration fee collections totaled \$165.4 million in 1972 and had grown to \$1.67 billion by 2022, an average annual growth rate of 4.7 percent.

The motor vehicle driver license requirement was enacted in 1935. In 1972, license fee collections were \$21 million and grew to \$180 million in 2022, for an average annual growth rate in driver license fee revenue of 4.4 percent. Since 1972, the Legislature increased the license fee schedule several times. The last rate increase in 2019 increased the rate for the issuance or renewal of a license to \$32 for an operator's license, \$43 for a renewal when a license includes authorization to operate a motorcycle and \$96 for the issuance of a commercial license. The latest change also extended the validity of these licenses to eight years. Various other fees are assessed on the issuance of an occupational license, duplicate license, suspension reinstatement, personal identification cards and other special licenses. Driver license revenue was dedicated to General Revenue until Sept. 1, 2005, when it was rededicated to the Texas Mobility Fund.

The 78th Legislature (2003) enacted the Driver Responsibility Program to assess, as part of the process of adjudication and usually in addition to other court-mandated costs and fines, surcharges on individuals convicted of violating certain highway traffic laws such as speeding, driving while intoxicated and driving without a license or insurance. Driv-

CHART 3  
Fiscal 1972 State Fee Revenue by Category  
\$301 Million  
All Funds Excluding Trust

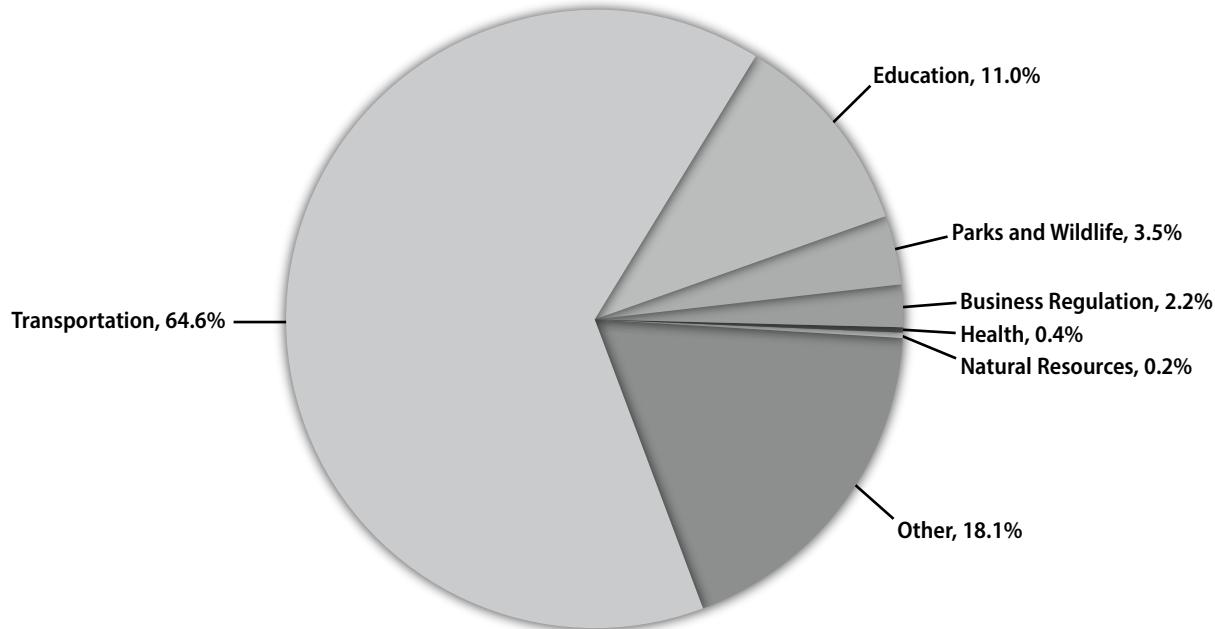
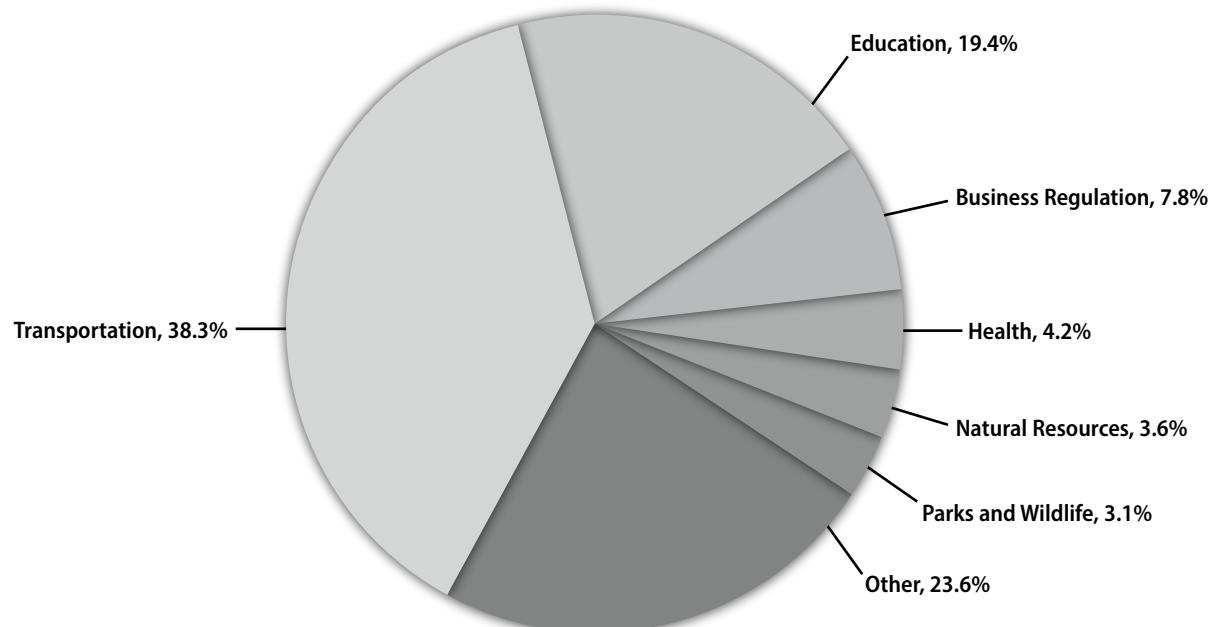


CHART 4  
Fiscal 2022 State Fee Revenue by Category  
\$6.532 Billion  
All Funds Excluding Trust



Source: Texas Comptroller of Public Accounts

**TABLE 4**  
**State Fees By Receipt Category**  
**A Historical Perspective Every Ten Years With Base Year and Last Completed Year**  
**All Funds Excluding Trust**

Category / Fee	Base Year					Last Completed Fiscal 2022	Average Annual Growth Rate
	Fiscal 1972	Fiscal 1982	Fiscal 1992	Fiscal 2002	Fiscal 2012		
<b>01 TRANSPORTATION</b>							
01 20 3014 Motor Vehicle Registration Fees	\$165,392,110	\$284,134,362	\$581,709,651	\$742,047,130	\$1,328,771,372	\$1,670,304,603	4.7%
01 20 3020 Motor Vehicle Inspection Fees	3,579,169	18,913,640	64,120,839	109,414,719	185,934,957	288,288,939	9.2%
01 20 3025 Driver's License Fees	21,016,418	26,732,779	71,259,160	114,972,864	130,262,905	180,069,026	4.4%
01 20 3018 Special Vehicle Permits	2,159,375	3,984,286	17,234,335	32,692,472	145,643,642	172,016,548	9.2%
01 30 3027 Driver Record Information Fees	—	3,606,481	51,645,601	49,920,055	58,382,811	75,939,810	8.2%
01 30 3046 State Highway Toll Project Revenue	—	—	—	—	8,772,358	44,151,189	16.1%
01 10 3035 Commercial Transportation Fees	304,683	3,892,821	7,533,189	17,349,750	18,660,804	21,391,239	8.9%
Other Transportation	1,749,442	9,593,892	104,976,640	148,759,997	413,221,224	50,902,122	7.0%
<b>Total Transportation</b>	<b>194,201,197</b>	<b>350,858,261</b>	<b>898,479,414</b>	<b>1,215,156,988</b>	<b>2,289,650,073</b>	<b>2,503,063,476</b>	<b>5.2%</b>
<b>03 BUSINESS REGULATION</b>							
03 10 3186 Securities Fees	—	—	—	—	—	183,720,680	5.5%
03 30 3133 General Business Filing Fees	4,265,926	15,001,382	26,746,119	49,924,356	70,316,746	164,697,909	7.6%
03 10 3175 Professional Fees	1,683,763	21,498,120	114,704,395	109,185,086	178,191,812	92,680,783	8.3%
Other Business Regulation	720,538	3,268,608	28,837,814	154,613,360	131,353,798	69,924,611	9.6%
<b>Total Business Regulation</b>	<b>6,670,227</b>	<b>39,768,111</b>	<b>170,288,328</b>	<b>313,722,802</b>	<b>379,862,356</b>	<b>511,023,982</b>	<b>9.1%</b>
<b>08 NATURAL RESOURCES</b>							
08 30 3375 Air Pollution Control Fees	—	—	18,809,836	47,346,308	60,051,259	57,950,997	15.8%
08 30 3371 Waste Treatment Inspection Fee	—	—	5,371,923	13,815,422	25,864,338	38,329,681	8.4%
08 10 3366 Business Fees-Natural Resources	—	38,425	370,179	4,826,258	21,742,837	29,052,954	17.8%
Other Natural Resources	505,983	2,127,725	38,038,142	42,377,803	80,913,128	110,221,265	11.4%
<b>Total Natural Resources</b>	<b>505,983</b>	<b>2,166,150</b>	<b>62,590,080</b>	<b>108,365,792</b>	<b>188,571,562</b>	<b>235,554,896</b>	<b>13.1%</b>
<b>10 PARKS AND WILDLIFE</b>							
10 20 3434 Game/Fish/Equipment Fees-Non Commercial	5,845,766	15,350,547	40,259,831	59,254,358	93,993,928	108,288,230	6.0%
10 20 3461 State Parks Fees	1,787,447	6,673,927	13,187,370	27,791,054	41,654,938	61,792,973	7.3%
Other Parks And Wildlife	2,909,886	6,274,319	15,584,370	23,902,394	31,230,404	35,637,399	5.1%
<b>Total Parks And Wildlife</b>	<b>10,543,099</b>	<b>28,298,793</b>	<b>69,031,572</b>	<b>110,947,805</b>	<b>166,879,269</b>	<b>205,718,602</b>	<b>6.1%</b>
<b>11 EDUCATION</b>							
11 20 3505 Higher Education Tuition/Fees-Non-Pledge	29,983,547	55,657,701	260,614,713	561,303,978	928,720,244	1,208,376,173	7.7%
11 10 3511 Teacher Certification Fees	—	377,602	2,217,506	14,222,527	24,090,969	26,916,488	14.4%
Other Education	3,186,319	5,987,009	13,964,158	21,688,672	73,665,421	30,357,787	4.6%
<b>Total Education</b>	<b>33,169,866</b>	<b>62,022,313</b>	<b>276,796,377</b>	<b>597,215,177</b>	<b>1,026,476,634</b>	<b>1,265,650,449</b>	<b>7.6%</b>
<b>12 HEALTH</b>							
12 10 3592 Waste Disposal FAC, Generator, Transporters	—	—	39,931,586	56,962,638	54,713,142	60,852,430	8.3%
12 10 3560 Medical Exam and Registration	397,959	2,915,491	18,319,853	18,718,864	39,272,779	51,891,283	10.2%
12 10 3562 Health Related Profession Fees	383,712	1,297,022	7,531,665	13,813,657	28,039,594	38,234,418	9.6%
12 10 3557 Health Care Facilities Fees	48,697	1,825,035	2,644,151	25,227,039	71,149,674	37,030,244	14.2%
Other Health	486,305	1,384,169	46,742,703	59,548,791	103,724,319	83,514,197	10.8%
<b>Total Health</b>	<b>1,316,673</b>	<b>7,421,717</b>	<b>115,169,957</b>	<b>174,270,988</b>	<b>296,899,508</b>	<b>271,522,572</b>	<b>11.2%</b>
<b>OTHER</b>							
14 25 3704 Court Costs	—	—	14,843,930	61,417,494	281,288,839	183,441,026	9.2%
02 30 3106 City Sales Tax Service Fees	—	17,426,053	26,155,707	54,501,704	88,245,943	160,356,454	7.7%
14 30 3727 Fees-Administrative Services	30,963	17,566	583,549	8,694,507	56,861,392	159,329,227	18.6%
04 10 3206 Insurance Company Fees	79,971	154,549	6,707,409	15,569,046	35,459,233	112,157,683	15.6%
14 25 3710 Court Fines	—	—	700	288,511	88,816,204	85,589,342	33.3%
Other	54,265,317	236,363,862	706,611,823	639,563,203	745,055,313	838,269,363	5.6%
<b>Total Other</b>	<b>54,376,251</b>	<b>253,962,029</b>	<b>754,903,118</b>	<b>780,034,465</b>	<b>1,295,726,924</b>	<b>1,539,143,095</b>	<b>6.9%</b>
<b>GRAND TOTAL</b>	<b>\$300,783,296</b>	<b>\$744,497,373</b>	<b>\$2,347,258,847</b>	<b>\$3,299,714,016</b>	<b>\$5,644,066,327</b>	<b>\$6,531,677,073</b>	<b>6.3%</b>

Note: Excludes Fund Groups 08, 09, 12 and 13 classified as Trust.

Note: Excludes certain receipts associated with Medicaid and the Disproportionate Share, UPL, DSRIIP, UC or other similar program; excluded Revenue Objects include 3564, 3568, 3569, 3588 and 3591.

\*Prior to 2013, Object code 3186 revenue was deposited under object code 3175.

Source: Texas Comptroller of Public Accounts

er license point surcharges range from \$100 to \$2,000, are levied for three consecutive years, and are dedicated to trauma and emergency medical services and General Revenue. In its first year of collections in 2005, the program collected \$36.8 million. The decrease in revenue of \$29.9 million from fiscal 2012 to fiscal 2018 may be, in part, due to various incentive and indigency programs that have lowered fine amounts levied by courts. The program was repealed by the 86th Legislature, effective Sept. 1, 2019. Fiscal 2019 was the final year of collections in which revenues were \$145.3 million for an average annual growth rate of 2.9 percent since the program's beginning.

The motor vehicle inspection fee was implemented in 1953, and since 1972, the Legislature has increased the fee schedule multiple times. A 2013 change in law did away with the separate inspection sticker; the state fee owed is now paid at the time of vehicle registration. The current rates are \$12.50 for an annual safety inspection, \$21.75 for a two-year safety inspection for new vehicles and \$50 for a commercial inspection. Although emissions testing for certain counties existed previously, the 75th Legislature (1997) established it as part of the inspection process. Since that time, 17 counties, mostly in major metropolitan areas have emissions testing, charging an annual fee that varies depending on the type of test required. A \$10 inspection fee surcharge to commercial motor vehicle inspections was added by the 77th Legislature (2001) to fund the Texas Emissions Reduction Plan. Like the similar surcharge on registrations, this surcharge is set to expire the last day of the fiscal biennium in which the state attains compliance with the federal ambient air quality standards for ground-level ozone. Inspection fee collections of almost \$3.6 million in 1972 increased to \$176 million in 2018; however, the collections fell to \$146.3 million in 2020. In 2022, revenues from motor vehicle inspection fees reached the highest level with \$295 million in collections. The average rate of growth for the motor vehicle inspection fees between 1972 and 2022 was 9.2 percent.

Fees on motor vehicle certificate of title were implemented in 1939, and the Legislature has increased the fee rate schedule several times since 1972. In 2003, the fee was set to \$33 for an original title issued to a resident of a federally

designated non-attainment county and \$28 for residents in all other counties. The 87th Legislature (HB 4472, effective Sept. 1, 2021) redirected portions of this fee from the Texas Mobility Fund to the Texas Emissions Reduction Plan Trust Fund. State receipts from this fee were approximately \$1.5 million in 1972, growing to \$238.2 million in 2018. After the redirection of fees, the collections to the State Highway Fund, General Revenue and the Department of Motor Vehicles Fund totaled \$96.6 million. A portion of fee collections may be retained by the issuing county, depending on the type of title certificate (e.g., \$5 for an original certificate of title).

## **Business Regulation Fees**

Fees in this category are associated with a variety of lines of business and activities, with most of the revenue coming from fees associated with the securities industry, a wide range of professional occupations and general business filings.

In fiscal 1972, Business Regulation fees brought in \$6.7 million and accounted for 2.2 percent of total state fee receipts. In 2022, these fees accounted for 7.8 percent of total state fee receipts and generated \$511 million, an average annual growth rate in collections of 9.1 percent.

In 1972, business-related professional fees (Comptroller Object 3175) were \$1.7 million. In 2022, collections had increased to \$92.7 million, an average annual growth rate of 8.3 percent. A reclassification of securities fees from this subcategory to its own took place beginning in 2013. (See later discussion of this reclassification.)

The 72nd Legislature (HB 11, effective Sept. 1, 1991) created a \$200 fee increase on selected professions. (The base fees on selected professions remain in force; see Appendix E.) This additional fee, like the small taxes previously discussed, was repealed by the 84th Legislature (2015); the \$200 increase on non-health professions generated \$91.4 million that year.

Professional fee receipts are deposited to either undedicated General Revenue or into a General Revenue-Dedicated Account, which is revenue dedicated for a particular purpose (e.g., permitting and/or regulating a profession).

Securities fees are collected for the registration, application to sell, filing a notice of limited exemption and other

activities related to securities. Many of these fees were formerly collected as professional fees (Comptroller Object 3175). However, they were reclassified under a separate category (object code 3186) in fiscal 2013 to better reflect the nature of these fees. Securities fees make up the largest share of business regulation fees and totaled \$183.7 million in fiscal 2022.

General business filing fees are imposed on corporations, partnerships, professional associations and other business associations. Some of the more common examples are fees for filing articles of incorporation, articles of merger, certificates of authority to transact business, change of registered agent, registration and certification of corporate name, original financing statement and certificate of limited partnership. With a few exceptions, general business filing fee receipts are deposited as undedicated General Revenue. In 1972, these fees produced \$4.3 million, the majority of all business regulation fee collections that year. In 2022, fee collections had risen to \$164.7 million, an average annual growth rate of 7.6 percent, accounting for nearly one-third of all business regulation fee revenue.

## Natural Resource Fees

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Natural Resource fees are assessed for the use or protection of state natural resources. These fees include air pollution control fees, waste treatment inspection fees and a host of other fees, fines and penalties related to Texas natural resources. In fiscal 1972, collections from natural resource fees totaled less than \$1 million. In 2022, these fees generated \$235.6 million, representing 3.6 percent of total state fee collections and yielding an average annual growth rate in revenue of 13.1 percent.

Air pollution control fees, which range from \$25 to \$75,000 and were first collected in 1983, are assessed to ensure that all industrial construction meets air pollution standards established by federal and state laws and regulations. In 2022, fee revenue was \$57.9 million compared with \$190,000 collected in 1983, a 15.8 percent average annual growth rate.

Waste treatment inspection fees are levied on the planning, management, collection, storage or discharge of waste or wastewater, and for the costs of sampling and testing

water resources. Fee receipts are deposited into the General Revenue-Dedicated Water Resource Management Account or the General Revenue Fund to administer water quality management programs. First collections occurred in 1984, producing \$2.1 million in revenue. At that time, the fee level could not exceed \$2,000. In fiscal 2010, the maximum fee level was raised to \$100,000, a cap that is adjusted annually based on changes in the Consumer Price Index, up to \$150,000. In 2022, revenues totaled \$38.3 million with an average annual growth rate of 8.4 percent.

## Parks and Wildlife Fees

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Parks and Wildlife fees include game, fish and equipment fees, state parks fees and other fees related to hunting, fishing and boating. In fiscal 1972, these fees generated \$10.5 million, or 3.5 percent of all state fee collections. In 2022, they produced \$205.7 million, a 6.1 percent average annual growth rate, and were 3.1 percent of all state fee collections.

Game, fish and equipment fees include an array of different licenses, stamps or tags for hunting, fishing or trapping in Texas. Most of the revenue is from sales of fishing and hunting licenses (more than 50 percent in 2022). In 1972, receipts from these fees totaled \$5.8 million. In 2022, they reached \$108.2 million, a 6 percent average annual growth rate. These fees are dedicated for the administration and enforcement of game, fish and water safety laws and wildlife management. The Legislature increased the rates for these fees four times between 1973 and 1983. Since September 1985, the Texas Parks and Wildlife Department (TPWD) has authority to set the fee rates by rule, and it has done so several times.

Entrance fees for more than 80 of Texas' state parks are set by the TPWD. In 1972, receipts from these fees totaled \$1.8 million. In 2022, they generated \$61.7 million, an average annual growth rate of 7.3 percent.

## Education Fees

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Education fees consist primarily of higher education tuition. In fiscal 1972, total education fees generated \$33.2 million and accounted for 11 percent of all state fees. In 2022, education fee collections had increased to \$1.26 billion, or

19.4 percent of all state fee collections. Education fee collections increased by an average of 7.6 percent annually.

Higher education tuition revenues are dedicated for the operation and maintenance of Texas public colleges and universities. Tuition fees totaled \$30 million in 1972 and reached \$1.2 billion in 2022, an average annual growth rate of 7.7 percent.

Before 2003, the Legislature set tuition rates by law for all higher education institutions. The 78th Legislature passed HB 3015, effective Sept. 1, 2003, which deregulated the tuition rates that could be set by governing boards of public universities above the base tuition rate set by the Legislature. Universities began increasing designated tuition in spring 2004. Since the 2005-06 school year, the base tuition rate for an undergraduate semester credit hour for state university courses for resident students has been set by the Legislature at \$50. Revenue from the base tuition is deposited to the institutions' current funds.

## **Health Fees**

Health fees are associated with the medical profession and environmental health. They include health-related professional fees, health care facilities fees, waste disposal fees, medical examination and registration fees and other miscellaneous fees. In fiscal 1972, health fee collections were \$1.3 million, fewer than 1 percent of all state fee collections. In 2022, collections were \$271.5 million, 4.2 percent of all state fee collections.

Between 1972 and 2022, collections increased by an average of 11.2 percent each year. Much of this growth is attributable to the environmental health fees enacted in the 1980s and 1990s and to new health care facilities fees.

Health care facilities fees are imposed for licensing a wide range of medical and other types of health care facilities. Previous to the passage of a quality assurance fee by the 77th Legislature (2001), total annual health care facilities fee revenue was less than \$7 million. Quality assurance fee revenue resulted in total facility fee collections of \$25.2 million in 2002. By 2022, health care facility fee collections were \$37 million, an average annual growth rate of 10.8 percent since 1972.

Health-related professional fees include registration fees for nearly 30 professions tied to medical and health services. In 1972, they produced less than \$1 million. In 2022, they generated \$38.2 million, an average annual growth rate of 9.6 percent. (See Appendix E for a listing of the occupations assessed a state professional fee and the associated rate limitations.)

One factor contributing to the growth in health fee revenue is the \$200 fee increase on selected health professions, enacted by the 72nd Legislature (1991) previously discussed in the Business Regulation section. This fee was repealed by the 84th Legislature (2015).

Medical Examination and registration fees are collected for registering, licensing and examining doctors, nurses and other medical professionals. In fiscal 1972, less than \$1 million from these fees were collected. By 2022 that amount had grown to \$51.9 million, an average annual growth rate of 10.2 percent.

The waste disposal facilities, generators and transporters fees were enacted by the 69th Legislature (1985) and are assessed on the storage, transportation or disposal of hazardous, solid, oil and gas or industrial waste. Additional permit fees are charged for sewage and landfill facilities. In 2022, fee collections were \$60.8 million, compared with 1986 collections of \$4 million, an average annual growth rate of 8.3 percent and the top revenue source in the health fee category. These fees are statutorily dedicated for the permitting, administering and enforcement of various waste disposal programs, as well as facility cleanup and maintenance programs administered by the Texas Commission on Environmental Quality and the Texas Railroad Commission.

## **Other Fees**

This group includes a large number of varied fees and other charges associated with property, insurance, utilities, tobacco, alcohol, welfare, agriculture, courts and others. All these revenue items, grouped here as "other fees," totaled \$54.4 million in 1972. The category revenue total had increased to \$1.5 billion by 2022, an average annual growth rate of 7.1 percent.

In fiscal 2022, court costs (\$183.4 million) and court fines (\$85.6 million) accounted for approximately 17 per-

cent of the entire Other fees category. These are levied on those convicted for a variety of felony and misdemeanor offenses, including certain civil cases. Most of these fees are dedicated for a specific purpose related to criminal justice programs. The first court fine was established in 1892 for contempt of court, allowing the levy of a fine of up to \$500, with the collections deposited to General Revenue.

City Sales Tax service fees associated with the collection and allocation of local sales taxes (i.e., the local-option counterparts to the state's Limited Sales and Use tax) totaled \$5.8 million in fiscal 1975. In 2022, service fee revenue was \$160.3 million, an average annual increase of 7.7 percent. This is a 2 percent administrative fee collected on local sales taxes remitted to the state. 



STATE OF TEXAS

# SOURCES OF REVENUE

*A History of State Taxes and Fees 1972-2022*

## Legislative Changes and Other Sources of Growth

### Pre-1972

Throughout most of the 1950s, Texas experienced a recurring pattern of budget crises followed by tax increases. In an attempt to break the cycle, the 57th Legislature, First Called Session, enacted a state *Sales and Use* tax in 1961. **HB 20** established a limited *Sales and Use* tax, with a rate pegged at 2 percent. Revenue growth during the ensuing years, however, proved insufficient to meet the state's expanding needs. Within the next nine years the Legislature returned to the *Sales and Use* tax four times, either to raise the rate or to broaden the base. The Legislature churned out tax bills in 1963, 1965 (*Cigarette and Inheritance* taxes only), 1967 (*Franchise* tax only), 1968, 1969 and 1971. As 1971 drew to a close, the *Sales and Use* tax rate stood at 4 percent — double its original rate. However, during the 60th Legislature, **SJR 32**, a constitutional amendment to gradually reduce the state's *Ad Valorem* tax (property), was passed and voters adopted the amendment by general election in 1968.

### 1972 – 1982

Considering the budget turbulence that preceded it and the oil boom that followed, the 1972 budget year presents a paradigm of stability. From 1972 onward, escalating oil prices and vigorous economic growth (not to mention inflation) generated substantial increases in the state's tax receipts. At the boom's peak, a \$1 increase in oil prices would induce a \$40 million "windfall" in *Oil Production* tax revenues. The effect did not remain isolated to a single tax. Natural gas prices rose with the price of oil, and as drilling activity

increased following each price hike, economic activity multiplied throughout the economy, generating an additional \$60 million in *Sales and Use, Franchise, Natural Gas* and other tax receipts.

The new revenues allowed the Legislature to increase agency budgets and fund new programs and services. During the 1972-82 period, the annual growth rates for state personal income and state tax collections each averaged 14 percent. Texas' economic prosperity drew new workers and their families from around the nation. This influx spawned demands for even more state spending, particularly for highways and schools.

The oil boom allowed the Legislature to enjoy a remarkable 11-year period — from 1972 to 1983 — without imposing a major tax hike. Although the 64th Legislature did adopt one new tax — the *Public Utility Gross Receipts* assessment — in 1975 by passing **HB 819** to support the newly established Public Utility Commission's regulatory activities. **HB 546** abolished the *Express Company* tax, lowered the *Cigar* tax, eliminated the *Franchise* tax surtax and struck debt from the *Franchise* tax base. Between 1973 and 1977, the state *Ad Valorem* (property) tax rate dropped by more than half due to the adoption of **SJR 32** by voters in 1968.

In 1978, Governor Dolph Briscoe reconvened the 65th Legislature for a Second Called Session to cut the state's budget surplus by reducing certain taxes and enacting taxation and spending limits. That special session produced **HB 1** and **HJR 1**, the first major tax reduction legislation in modern Texas history.

**HB 1** reduced the *Sales and Use* tax base and lowered the *Inheritance* tax. The bill exempted residential gas and electric services from the state *Sales and Use* tax base and extended the exemption to local tax bases (unless local authorities voted to retain those services in their tax base). The new exemption reduced state *Sales and Use* tax revenues by \$101 million in 1979. **HB 1** also reduced *Inheritance* tax collections by establishing a \$200,000 per estate exemption, scheduled to increase to \$250,000 in 1982 and to \$300,000 in 1985. This provision, which became effective at the beginning of fiscal 1979, reduced *Inheritance* tax revenues by \$13.2 million in 1979 and \$36.7 million during the 1980-81 biennium. (Three years later, the 67th Legislature enacted **HB 325**, which piggybacked the state *Inheritance* tax onto the federal inheritance tax, making it equal to the federal credit.)

**HJR 1**, approved by voters in November 1978, provided more state *Ad Valorem* tax relief. Among other measures, the amendment removed intangibles from the tax base and provided a \$5,000 homestead exemption and other exemptions for non-income-producing personal property and household goods. **HJR 1** also placed a cap on state spending growth, limiting it to the “estimated growth of the state’s economy,” as determined by the Legislature.

Four years later, the 67th Legislature, Second Called Session (1982), took state property tax relief one step further and sent the voters a new **HJR 1** — a proposed constitutional amendment to abolish the state *Ad Valorem* tax. Voters adopted the amendment in November 1982.

## 1983: The 68th Legislature, Regular Session

When the 68th Legislature convened in January 1983, it faced unfamiliar circumstances. After 22 years of uninterrupted growth, severance tax revenues were beginning to fall. Two years before, they accounted for 28.3 percent of state tax receipts; by 1983, their share had fallen to 26.5 percent. In 1982, *Oil Production* tax revenues peaked at \$1.3 billion; the following year they fell to \$1.2 billion — a 9.6 percent decline. Compounding the problem, in 1982 and 1983 Mexico depreciated the peso several times, precipitating a drastic retail sales slump along Texas’ border.

Unemployment increased and *Sales and Use* tax collections plummeted.

Despite the first serious decline in severance tax revenues since the 1960s, the Legislature increased spending by 16 percent through the enactment of various fee increases, authorization to spend available fund surpluses and, most importantly, passing of six bills designed to shift or “speed up” tax collections to earlier collection dates. The speed-up legislation generated one-time gains totaling \$21.7 million in 1983 and \$412.6 million for the 1984-85 biennium.

**SB 713** restructured the payment schedule for the *Motor Vehicle Sales and Use* tax. The bill required counties to forward their collections to the State Treasury on a daily (for annual collections exceeding \$10 million), weekly (between \$2 million and \$10 million) or monthly (less than \$2 million) schedule. Previously, all counties submitted their collections on a monthly basis. This speed-up, effective September 1983, generated a \$13.8 million one-time gain for the 1984-85 biennium.

**SB 985** advanced the due date for filing *Sales and Use* tax receipts to the 20th day of the month following the end of the reporting period. Previously, taxpayers had until the last day of the month following the end of the reporting period to remit their collections. This speed-up, effective October 1983, generated a \$168.6 million one-time gain for the 1984-85 biennium.

**SB 986** advanced the payment due date for the *Public Utility Gross Receipts* assessment to August 15 from August 31. This speed-up made an additional \$14.7 million available for spending in 1983.

**SB 987** accelerated the payment due date for the *Insurance Premium* taxes in 1984 and established a quarterly pre-payment schedule to supersede the former annual payment requirement. This bill also increased the tax rate applicable to foreign (those domiciled out-of-state) life, accident and health insurers; but **HB 122**, enacted the following year, muted the bill’s fiscal implications. The speed-up, effective August 1984, produced a \$143.8 million one-time gain for the 1984-85 biennium.

**SB 988** advanced by 10 days the August monthly due date for the *Oil Production*, *Natural Gas Production*, and *Motor Fuels* taxes. Payments formerly due on August 25

became payable on August 15. Also, before the Legislature enacted **SB 988**, Natural Gas Production taxpayers calculated their monthly tax liability on the volumes produced during the previous two months. **SB 988** required Natural Gas Production taxpayers to remit tax payments for July production by the August due date in odd-numbered years. This meant that, henceforth, odd-numbered years would show 13 monthly tax payments while even-numbered years would show only 11 monthly payments. These speed-ups, which became effective for August 1985 tax payments, produced an \$89.9 million one-time gain in 1985.

**HB 2108** accelerated *Cigarette* tax collections by requiring full payment by August 31 in the second year of the biennium for all tax stamp credit purchases executed on or before August 16 of that year. This change, effective August 1983, produced a \$7 million one-time gain in 1983 but a \$3.5 million loss for the 1984-85 biennium.

Finally, **HB 1122** abolished several minor occupation taxes relating to pistol dealers, billiard table owners or operators, ship brokers, quotation services and brokers and factors.

## 1984: The 68th Legislature, Second Called Session

Governor Mark White reconvened the 68th Legislature for a Second Called Session in June 1984 to finance the public education improvements required by **HB 72** and the construction necessary to rebuild and expand the state's highway system. The special session produced **HB 122**, the state's first major tax bill since 1971.

**HB 122** became effective Oct. 2, 1984, and affected almost every major state tax group other than severance taxes. The bill raised the *Sales and Use* tax rate to 4.125 percent from 4 percent. It also expanded the *Sales and Use* tax base to include:

- Cigarette and tobacco sales.
- Cable TV service.
- Auto parking and storage.
- Laundry and dry-cleaning services.
- Amusement admissions.
- Computer software (pre-programmed).

- Newspaper and magazine subscriptions (semi-annual or longer exempted in 1987).
- Over-the-counter newspaper sales (also exempted in 1987).
- Repair of tangible personal property (excluding auto).
- Home fertilizer.
- Vending machine sales of ready-to-eat food.

**HB 122** also increased the *Motor Vehicle Sales and Use* tax and the *Motor Vehicle Rental* tax rates to 5 percent from 4 percent, effective August 1984. It doubled the *Motor Fuels* tax rates from 5 cents to 10 cents per gallon, effective August 1984. The bill bumped the *Franchise* tax rate up by a dollar to \$5.25 per \$1,000 of taxable capital and surplus, effective for tax reports due in fiscal 1985. The bill also raised the *Hotel Occupancy* tax from 3 percent to 4 percent, effective October 1984, and doubled the *Coin-Operated Machine* tax from \$15 to \$30, effective October 1984.

**HB 122** increased the various *Alcoholic Beverage* tax rates by 20 percent and raised the *Cigarette* tax by two cents over a two-year period. Formerly set at 18.5 cents per pack, the *Cigarette* tax rose to 19.5 cents per pack, effective October 1984, then to 20.5 cents, effective September 1985. The bill also broadened the *Cigar and Tobacco Products* tax base to include snuff.

With respect to *Insurance Premium* taxes, **HB 122** revised certain foreign/domestic provisions, revised the retaliatory tax calculation methodology (subsequently repealed by **HB 1421** in 1989) and eliminated the exemption for first-year premiums. The bill placed banks under the *Franchise* tax, eliminated the *Ad Valorem* tax on bank stock and increased *Motor Vehicle Registration* fees. Finally, the bill raised *Higher Education Tuition* fees for non-resident and foreign students.

**HB 122** produced tax revenue gains totaling \$1.2 billion (with \$350 million dedicated to highways) in 1985 and \$2.6 billion (with \$750 million dedicated to highways) for the 1986-87 biennium.

## 1985: The 69th Legislature, Regular Session

When the 69th Legislature convened in January 1985, the new revenues generated by **HB 122** and an expanding state economy appeared sufficient to get the state through the next biennium without a major tax bill. However, under pressure to maintain higher education funding at current service levels and to finance an employee pay raise and indigent health care, the Legislature enacted **HB 1593**, which hiked tuitions, licenses and other fees. Also, the Telecommunications Act, **HB 1949**, transferred a major portion of the *Telephone Company* tax base to the *Sales and Use* tax base and abolished the *Telegraph* tax. **HB 1949** became effective Oct. 1, 1985. During this session, the Legislature also passed **HB 2359**, which enacted the first Waste Disposal Facilities, Generators and Transporters fees.

## 1986: The 69th Legislature, Third Called Session

The state's revenue outlook grew cloudy in January 1986, when oil prices took another nosedive. By July, prices for some grades of oil had fallen below \$10 per barrel, and the state plunged into a severe economic recession. The ensuing slide in severance and other tax revenues threatened to throw the state budget into serious deficit, with a shortfall projected to reach as deep as \$2.9 billion. Following two unsuccessful special sessions, Governor White brought the Legislature back for a Third Called Session that September. This time the Legislature bridged the projected revenue gap by cutting back appropriations and imposing a temporary tax increase. The Legislature also authorized the state to issue "cash management notes" (short-term bonds) as a device for covering temporary cash shortfalls.

**HB 79**, the new tax legislation, became effective Jan. 1, 1987. The bill provided for two temporary tax increases, each set to expire on Aug. 31, 1987. It raised the *Sales and Use* tax by 1.125 percentage points to 5.25 percent, and it raised *Motor Fuels* taxes by a nickel, to 15 cents per gallon. These increases generated a \$791 million gain in 1987 (with \$212 million dedicated to highways) and a \$111 million "spillover" gain (with \$31 million dedicated to highways) in 1988.

## 1987: The 70th Legislature, Second Called Session

The 70th Legislature concluded its regular session June 1, 1987, without writing a state budget. The Second Called Session, convened by Governor Bill Clements on June 22, resolved the standoff and enacted two bills, **HB 61** and **HB 62**, which increased taxes by \$6.1 billion for the 1988-89 biennium. Combined, the two bills represented the largest tax hike in any state's history.

**HB 61** raised the *Sales and Use* tax rate to 6 percent, effective October 1987, and allowed the temporary 5.25 percent rate, scheduled to revert to 4.125 percent on Sept. 1, to carry over until the new rate became effective.

**HB 61** also expanded the *Sales and Use* tax base to include:

- Custom software.
- For-profit country club memberships.
- Credit reporting and debt collection services.
- Certain insurance, information and real property services.
- Security services.
- Data processing services.
- Real property repair and remodeling.

The bill generated additional *Sales and Use* tax revenue by revising the provisions governing discounts and exempt sales. For example, it reduced the "timely filer" discount and redefined the "commercial use" of gas and electricity to include the amounts used for the storage or preparation of food for immediate consumption.

**HB 61** also raised the *Motor Vehicle Sales and Use* tax rate to 6 percent from 5 percent, effective October 1987. It increased the *Hotel Occupancy* tax rate to 6 percent from 4 percent, effective September 1987. It increased the *Cigarette* tax from 20.5 cents to 26 cents per pack, effective October 1987, and boosted the *Cigar and Tobacco Products* tax rates for snuff and for chewing and pipe tobacco to 28.125 percent, also effective October 1987.

**HB 61** repealed what remained of the *Telephone Company* tax (and shifted most of its base to the *Sales and Use* tax), created the *Administrative Services* tax (at 2.5 percent

of insurance administration revenues, effective September 1987) and imposed several temporary taxes and fees, each designed to lapse after two years. (The *Administrative Services* tax was subsequently challenged in court and held to be in conflict with federal law in 1991.)

**HB 61**'s temporary provisions included raising the *Franchise* tax from \$5.25 to \$6.70 per \$1,000 of taxable capital and surplus, effective for 1988 and 1989 reports. The bill also imposed a 20 percent *Insurance Premium* surtax on all insurance premiums (effective for premiums written during calendar years 1987 and 1988) and a \$110 annual *Attorney Licensure* tax. Likewise, **HB 61** raised various *Professional* fees by \$110, effective only for the 1988-89 biennium.

Finally, **HB 61** granted a *Sales and Use* tax exemption for manufacturing machinery and equipment, phased in over five years. (The 70th Legislature originally scheduled this exemption to become effective for sales on or after Jan. 1, 1991, but in 1991, the 72nd Legislature delayed implementation of the exemption in **HB 11**.)

**HB 62**, the other tax bill, made permanent the five-cent *Motor Fuels* taxes increase, originally enacted as temporary by the 69th Legislature, Third Called Session, in 1986 (**HB 79**).

The **HB 61** and **HB 62** tax hikes generated an extra \$6.1 billion (with \$713 million dedicated to highways) for the 1988-89 biennium.

## 1989: The 71st Legislature, Regular Session

The 71st Legislative Session convened in January 1989, following the Comptroller's office forecast that the 1988-89 biennium would end with a small surplus. Unfortunately, the excess funds did not appear sufficient to bridge the budget gap projected for the 1990-91 biennium. The temporary tax and fee hikes that the Legislature adopted as short-term solutions during the previous session imposed a budget dilemma for the next session. If kept in place, they would generate some \$600 million during 1990-91; allowing them to lapse as scheduled at the end of fiscal 1989 meant that the Legislature would have to cut spending by the same amount or impose other new taxes.

This time the Legislature managed to cover the potential budget shortfall and avoid a tax increase (or extension) by adopting various accounting measures and resolving several legal challenges. In what had grown into a major problem during the 1980s, several large taxpayer groups — insurance, franchise and gas utilities — brought court actions contesting the state's tax laws. The Legislature responded by enacting "clean-up" legislation that not only addressed legal challenges but released considerable cash reserves held in suspense or as a contingency against possible refunds.

**HB 1306** increased 1990-91 *Franchise* tax receipts available to the state by \$208.4 million by resolving two legal controversies surrounding the tax. One question focused on whether pre-acquisition earnings belonged in the tax base. Following a successful lawsuit challenging the inclusion, the Legislature enacted **HB 1306**, which redefined the tax base to specifically include such earnings. The second question involved the tax code apportionment formula used by firms conducting business outside Texas. **HB 1306** eliminated the *Franchise* tax law provision that gave taxpayers the option of using a three-factor apportionment formula (based on sales, payroll and property), thereby forcing all taxpayers to use the single-factor formula based on gross receipts.

The Legislature enacted two bills to resolve legal challenges brought by "foreign" insurers (i.e., those domiciled in a state other than Texas) against the state's *Insurance Premium* taxes. **HB 1421** repealed the provisions in **HB 122** (68th Legislature, Second Called Session, 1984) relating to retaliatory taxes owed by foreign property and casualty insurers. Following a successful lawsuit by one large insurer, the bill permitted foreign insurers to use the state's basic tax rate to calculate their tax liability. To compensate for the reduced retaliatory tax, **HB 1421** raised the minimum rate from 1.2 percent to 1.6 percent and raised the rate paid by unauthorized and surplus lines carriers from 3.85 percent to 4.85 percent. The bill also granted insurers organized as reciprocal exchanges an optional 1.7 percent flat tax rate.

**HB 1954** resolved a legal dispute between the state and life, accident and health insurers. This involved the staggered tax rate schedule applicable to domestic and foreign entities. The tax rates varied from 1.1 to 2.5 percent, with

the lower rates for firms with higher proportions of their investments in Texas. Several insurers complained that the investment requirements discriminated against foreign insurers. As a compromise, the Legislature offered to phase out the existing rate structure over several years, with a flat 1.75 percent tax rate to become effective for 1995 calendar year premiums. For their part, the insurers relinquished any claims for taxes paid under protest and dropped their lawsuit. Together, **HB 1421** and **HB 1954** increased *Insurance Premium* tax revenues \$141 million during the 1990-91 biennium.

**HB 2945** redefined the tax base for the *Gas Utility Pipeline* tax. One major taxpayer had challenged the tax, which used gross receipts as its base. The bill redefined the tax base as gross income and doubled the tax rate from 0.25 percent to 0.5 percent to compensate for the base loss.

**HB 24** created the *Controlled Substances* tax and fine, set at \$3.50 per gram of marijuana with a four-ounce minimum and \$200 per gram for other controlled substances with a seven-gram minimum. Covered substances not bearing the required tax stamps upon discovery became subject to a fine. This tax, which became effective in fiscal 1990, raised \$300,000 during the 1990-91 biennium and \$800,000 during the 1992-93 biennium. (In 1991 the Legislature adopted **HB 2595**, which extended the tax to controlled substances not sold by weight. The new tax stamp cost \$2,000 per 50 dosage units.)

**HB 428** reduced the *Oil Production* tax rate to 2.3 percent from 4.6 percent for all oil produced in a certified new project using Enhanced Oil Recovery (EOR) techniques. Similarly, **SB 963** provided an exemption under the *Natural Gas Production* tax for gas produced by certain "high-cost" wells. The Legislature made the exemption effective for a 10-year period beginning Sept. 1, 1991.

**HB 2619** implemented a second *Cigarette* tax speed-up by requiring all credit purchasers of tax stamps to remit full payment for stamps by the close of the biennium. This bill, effective August 1991, generated \$24 million for fiscal 1991. Finally, **HB 112** sped up the effective date of the *Sales and Use* tax manufacturing exemption for machinery and equipment with a useful life of more than six months, making it applicable for property purchased during 1990.

## 1989: The 71st Legislature, First Called Session

In June 1989, Governor Clements announced the First Called Session of the 71st Legislature to reform the state's workers' compensation insurance program. As the session progressed, the call was opened to other topics. Among the legislation passed, **HB 40** changed the effective date of the reduced *Oil Production* tax rate for EOR projects under **HB 428**, 71st Regular Session, from Jan. 1, 1990, to July 1, 1989. The accelerated effective date extended the period in which the reduced tax rate would be available by six months to four and one-half years. The net effect was to provide \$348,000 in tax relief for the 1990-91 biennium.

## 1989: The 71st Legislature, Second Called Session

In November 1989, Governor Clements announced a Second Called Session of the 71st Legislature to complete the work of the preceding session on workers' compensation reform. The resulting legislation, **SB 1**, eliminated the Industrial Accident Board and created two new entities: the Texas Workers' Compensation Commission and the Texas Workers' Compensation Research Center (since abolished). To fund the commission, **SB 1** increased the *Workers' Compensation Commission Maintenance* tax rate. The bill also created a new *Workers' Compensation Research Center Maintenance* tax to provide the center its own funding source. These measures produced an additional \$10.7 million in 1990 and \$35.2 million in 1991.

## 1990: The 71st Legislature, Sixth Called Session

Following the State Supreme Court's *Edgewood v. Kirby* decision, which declared the state's public education financing mechanism unconstitutional, Governor Clements convened the Legislature four times between February and June 1990. The last session, the Sixth Called Session of the 71st Legislature, produced three revenue bills to finance public school reform and certain short-term budget demands faced by the Department of Human Services and other agencies.

**HB 4** increased the fee for duplicate driver licenses and identification cards from \$5 to \$10. **HB 5** raised the fees for

oversized and overweight transport vehicles. **HB 6**, which became effective July 1990, increased the *Sales and Use* tax from 6 percent to 6.25 percent, the *Cigarette* tax from 26 cents to 41 cents per pack, the *Cigar and Tobacco Products* tax from 28.125 percent to 35.213 percent and the *Mixed Beverage* tax from 12 percent to 14 percent. **HB 4** and **HB 5** raised \$14.7 million for the 1990-91 biennium and \$29.8 million for the 1992-93 biennium. **HB 6** raised \$576 million for the 1990-91 biennium and \$1.1 billion for the 1992-93 biennium.

## 1991: The 72nd Legislature, Regular Session

In January 1991, the Comptroller's 1992-93 *Biennial Revenue Estimate* indicated that even though available revenues collected during the 1992-93 biennium would exceed revenues for the previous biennium by \$1.9 billion, they would fall \$4.8 billion below the current services budget laid out by the Legislative Budget Board (LBB).

Rather than attempt to write a budget under such constraints, the Legislature directed the LBB to audit the state's budget and spending procedures and submit its findings to the Governor by July 1, 1991. The audit, which the LBB assigned to the Comptroller's office, was called the "Texas Performance Review" (TPR).

As expected, the 72nd Legislative Session adjourned without completing a state budget. It did, however, produce a number of tax-related bills. **SB 1105** reduced the *Oil Production* tax rate to 2.3 percent for incremental production from the expansion of EOR projects in existence before Sept. 1, 1989. This provided short-term tax relief that totaled \$13.5 million for the 1992-93 biennium. **HB 2**, an insurance reform bill, expanded the base for the *Office of Public Insurance Counsel* (OPIC) assessment and reduced the proportion of guaranty fund assessments that insurers could claim as a credit against their *Insurance Premium* tax liability. These provisions produced \$2.6 million in new revenue for the 1992-93 biennium.

**HB 278** created the Texas Limited Liability Company Act and extended the *Franchise* tax base to include limited liability companies. **HB 640** created the Automobile Theft Prevention Authority and established an *Automobile Theft Prevention Authority* fee of \$1 per insured motor vehicle

year to fund the authority. The new fee produced \$17.1 million for the 1992-93 biennium. **HB 651** clarified and tightened the exemptions relating to the *Hotel Occupancy* tax; it generated \$440,000 in 1993. Finally, **HB 1986** enacted the *Battery Sales* fee and **SB 14** enacted the *Coastal Protection* fee.

## 1991: The 72nd Legislature, First Called Session

Upon receipt of the TPR report, Governor Ann Richards reconvened the Legislature in a First Called Session to write the state's budget for 1992-93. The session's principal budget-related efforts involved three bills: **HB 11**, the tax and fee bill; **SB 3**, the fiscal management bill; and **HB 54**, the state lottery bill.

**HB 11** included 29 separate changes affecting fees or taxes and made an extra \$2.1 billion available for the 1992-93 biennium. The biggest change involved the *Franchise* tax. As discussed previously, this tax, formerly levied at a rate of \$5.25 per \$1,000 in taxable capital and surplus, had suffered considerable base erosion due to court challenges — to the point where the state was refunding as much as half of its gross collections. The state's major business tax had become an unpredictable, unreliable and inefficient revenue source.

**HB 11** sought to remedy the problem by splitting the tax base into two components, taxable capital and "earned surplus," the latter defined as federal taxable income (before any net operating loss deductions), with officer and director compensation added back into the base. In effect, the new bill required taxpayers to pay the higher of either the tax on capital, set at \$2.50 per \$1,000 in taxable capital, or the tax on earned surplus, set at 4.5 percent of earned surplus.

In addition to restructuring the *Franchise* tax, **HB 11** continued the trend toward gradually expanding the *Sales and Use* tax base. The bill added as taxable packaging, telephone answering services, nonprofit country club membership fees, amusement ticket sales by nonprofit organizations and personal property used to improve realty owned by certain exempt entities. It removed boat and boat motor sales from the *Sales and Use* tax base and placed them under a

separate *Boat and Boat Motor Sales and Use* tax, also levied at 6.25 percent.

**HB 11** delayed implementing the partial *Sales and Use* tax exemption for manufacturing machinery and equipment, as originally called for by **HB 61** in 1987. Instead of allowing all businesses to qualify for refunds or reduced *Sales and Use* taxes for eligible purchases in 1992-93, **HB 11** authorized *Franchise* taxpayers to claim a credit for a portion of their *Sales and Use* tax payments for purchases of qualifying machinery and equipment. The bill, however, required firms to wait until fiscal 1994 before claiming the credits.

**HB 11** increased the *Motor Vehicle Sales and Use* tax from 6 percent to 6.25 percent, putting it on parity with the “general” *Sales and Use* tax rate; increased the *Bingo Gross Receipts* tax; and created a higher, 10 percent tax rate for *Motor Vehicle Rentals* for 30 or fewer days. **HB 11** also pushed the *Gasoline* and *Diesel Fuel* tax rates up another nickel — from 15 cents to 20 cents per gallon. Finally, **HB 11** increased Professional fees paid by such occupations as physicians, dentists, optometrists, psychologists, chiropractors, veterinarians, architects, real estate brokers, engineers and security dealers by \$200; levied a separate \$200 annual *Attorney Occupation* tax on active attorneys; increased Motor Vehicle Driver Record, General Business Filing, Court Cost and various other fees; and enacted the *Bingo Rental* tax and *Bingo Prize* fee.

**SB 3**, the fiscal management reform bill, consolidated many general operating and disbursement funds into the General Revenue Fund 0001, increased *Motor Vehicle Certificate of Title* fees from \$10 to \$13 and delayed the August *Motor Fuels* taxes allocation until September. It also replaced the county *Motor Vehicle Sales and Use* tax allocation with a portion of *Motor Vehicle Registration* fees, effective January 1992.

**HB 54**, along with voter approval on Nov. 5, 1991, of an amendment to the Texas Constitution, established a State Lottery. Texans bought their first tickets on May 29, 1992. Operated by the Comptroller’s office through 1993, the lottery generated net state revenues totaling \$812.3 million — \$307 million above expectations — during the 1992-93 biennium. Record-setting sales and the efforts by the Comptroller’s office to start both instant ticket and online

sales well ahead of schedule accounted for the higher than expected sales.

In total, **HB 11**, **SB 3**, **HB 54** and other miscellaneous revenue-generating bills made available \$3.6 billion in tax revenue, fees and lottery proceeds to balance the state’s 1992-93 budget.

## 1993: The 73rd Legislature, Regular Session

In January 1993, the Comptroller’s *Biennial Revenue Estimate* for 1994-95 projected that state revenues available for general purpose spending would increase by \$1.8 billion over the previous biennium to \$36.4 billion. This represented a 12.3 percent growth rate — the smallest increase since 1988-89.

Among this session’s major tax legislation, three bills — **SB 82**, **SB 83** and **HB 1461** — involved the speed-up of tax collections. **SB 82** affected three major taxes: *Sales and Use* tax, *Franchise* tax and *Hotel Occupancy* tax. Subject to waiver by the Comptroller’s office, **SB 82** required monthly *Sales and Use* tax electronic filers who received a payment for sales made between August 1 and August 15 to remit that tax by August 20. This would have become effective September 1994 and expire January 1996. However, the Comptroller’s office subsequently waived this provision; thus, it never took effect. For *Franchise* taxpayers, **SB 82** advanced the annual liability reconciliation date to August 15 (from November 15). This speed-up affected only taxpayers required to pay electronically and became effective for the 1995 report year. The bill also required *Hotel Occupancy* taxpayers to remit their collections on the same schedule as *Sales and Use* tax payments, effective October 1994.

**SB 82** increased tax revenues by \$141.7 million during the 1994-95 biennium. The new revenues involved \$34.8 million in *Sales and Use* tax receipts (including \$21.6 million in TPR-related enhanced enforcement measures), \$106.9 million in net *Franchise* tax receipts and \$12 million in *Hotel Occupancy* tax receipts.

**SB 83** provided an additional \$17.4 million revenue gain for the 1994-95 biennium by requiring *Public Utility Gross Receipts* assessment payers to remit one-half of their

estimated 1995 taxes (normally due on Aug. 15, 1995) with their Aug. 15, 1994, payment and to remit the remaining portion on Feb. 15, 1995.

**HB 1461** transferred the authority to collect *Insurance Premium, Maintenance* and other insurance-related taxes to the Comptroller's office from the Texas Department of Insurance. The bill also changed *Insurance Premium* tax prepayment due dates from a quarterly (March, May, August and November) schedule to a semiannual (March and August) schedule. This provision, effective March 1994, effectively increased fiscal 1994 remittances by the amount the state would have collected in November 1994 (fiscal 1995). **HB 1461** generated one-time revenue gains of \$105 million for fiscal 1994.

The Legislature also enacted one tax increase relating to certain insurance purchases. **HB 958** revised the statutes relating to surplus lines insurance and implemented a uniform 4.85 percent rate for eligible surplus lines carriers. In other tax-related legislation, **HB 1970** effectively expanded the *Boat and Boat Motor Sales and Use* tax base, and **HB 2771** eliminated the state and local *Bingo Gross Receipts* tax and raised the *Bingo Prize* fee.

In addition, the Legislature passed several *Oil Production* and *Natural Gas Production* tax bills designed to encourage drilling and production. **HB 1974** established a tax credit system for persons drilling new-field discovery wells, contingent on the total number of new discovery wells in the state reaching specific target levels. **HB 1975** provided a 10-year exemption from *Oil Production* and *Natural Gas Production* taxes for production from wells that had been inactive for three or more years. **HB 2723** expanded the definitions of (tax exempt) high-cost gas and (reduced tax rate) EOR projects. These three bills became effective on Sept. 1, 1993. **SB 466**, effective on Jan. 1, 1994, extended the application period for obtaining certification as an EOR project. By design, any tax losses associated with the four energy bills would not occur until 1996; thus, they had no effect on 1994-95 revenues. Losses for the 1996-97 biennium totaled \$66.4 million.

## 1995: The 74th Legislature, Regular Session

In January 1995, the Comptroller's *Biennial Revenue Estimate* for 1996-97 projected that the state would have \$46.9 billion available for general purpose spending — a \$7.8 billion increase over the amount certified as available for the 1994-95 appropriation. (Of this amount, \$3.3 billion came from previously dedicated revenue, and \$4.5 billion came from sources used to certify 1994-95 appropriations.)

Major tax-related bills enacted during the 74th Legislature included **SB 3**, which repealed the *Interstate Motor Carrier* tax, effective Sept. 1, 1997; **HB 2128**, relating to the *Public Utility Gross Receipts* assessment; **HB 398**, which provided *Natural Gas Production* tax incentives for high-cost gas; **HB 462**, which made the *Sales and Use* tax applicable to purchases by prison inmates; and **HB 2129**, which concerned the *Hotel Occupancy* tax.

**HB 2128** provided for an extension of the speed-up provision enacted by the 73rd Legislature in **SB 83**. **SB 83** had required *Public Utility Gross Receipts* assessment payers to remit one-half of their estimated 1995 taxes (normally due on Aug. 15, 1995) with their Aug. 15, 1994, payment and to remit the remaining portion on Feb. 15, 1995. Essentially, this provided a year and a half's worth of tax revenue in fiscal 1994. The provision was to expire in fiscal 1997. **HB 2128** delayed the expiration date by one year, thereby allowing a year's worth of revenue to be collected in fiscal 1997, but only one-half of a year's worth to be collected in fiscal 1998. The delay provided a one-time gain of \$18.3 million for the 1996-97 biennium.

**HB 2128** also established the Telecommunications Infrastructure Fund, to be supported by the *Telecommunications Infrastructure Fund (TIF)* assessment. As enacted, the annual assessment was to be set by the Comptroller's office at two separate rates that would generate \$75 million annually from telecommunications utilities and another \$75 million from commercial mobile service providers. Because of a successful legal challenge concerning the dual rate structure, the assessment brought in \$191.4 million for the 1996-97 biennium — roughly \$100 million less than originally intended.

**HB 398** extended and modified the *Natural Gas Production* tax reduced rate program for high-cost gas wells. Qualifying wells spudded or completed after Aug. 31, 1996, and before Sept. 1, 2002, became eligible for a reduced tax rate for a 120-month period from the date of first production. The bill provided a rate reduction program based on the ratio of reported drilling and completion costs per well to an amount equal to twice the value of the median drilling and completion costs for all wells for which applications had been filed for the year. Because the benefits of the reduced rate program would not become available until fiscal 1998, there were no revenue losses for the 1996-97 biennium associated with the bill. Losses for the 1998-99 biennium were estimated at \$32.2 million. The inclusion of prison inmate purchases in the *Sales and Use* tax base, as enacted by **HB 462**, added another \$1.5 million for the 1996-97 biennium.

**HB 2129** amended the procedure for exempting government entities from payment of the *Hotel Occupancy* tax. Pursuant to the change, revenues for the 1996-97 biennium increased by \$3.2 million. **SB 60** enacted the *Concealed Handgun* fees. **SB 401** enacted a TPR recommendation and granted the Comptroller's office to increase enforcement capabilities that generated an estimated \$40 million in *Sales and Use* tax collections for the 1996-97 biennium.

## 1997: The 75th Legislature, Regular Session

In January 1997, the Comptroller's *Biennial Revenue Estimate* for 1998-99 projected the state would have \$50 billion available for general purpose spending — a 7.8 percent increase over the \$46.4 billion certified as available for the 1996-97 appropriation. In an effort to limit spending increases and to provide local property tax relief, the 75th Legislature concentrated on cost-saving measures and **HB 4**, the local property tax relief legislation initiated by Governor George W. Bush.

**HB 4** originally proposed replacement of the *Franchise* tax with a value-added tax levied on all business entities and one-half percent rate hikes in both the state *Sales and Use* tax and the *Motor Vehicle Sales and Use* tax. The \$4.3 billion in additional revenues provided by these changes would be used to help pay for \$5.7 billion in school property tax

relief. House amendments dropped the value-added tax and the increases in the *Sales and Use* and *Motor Vehicle Sales and Use* tax rates and added provisions to broaden the *Franchise* tax and *Sales and Use* tax bases, increase the tax rates in other taxes, and create a number of new taxes and fees. The Senate countered with a more incremental approach to tax reform, creating an impasse that resulted in a proposed constitutional amendment (subsequently approved by voters in August 1997) raising the homestead exemption from \$5,000 to \$15,000, yielding \$1.04 billion in local property tax relief. The increase in the exemption became effective for the 1997 tax year. **HB 4** also established a cap on the allowable prize payout for the state lottery and dedicated the unobligated lottery balance (which had previously been allocated to General Revenue) to the Foundation School Fund.

**HB 966** (with the same language repeated in **HB 2542**) expanded the *Boat and Boat Motor Sales and Use* tax base to include commercial boats 65 feet or less in length. This legislation, effective Sept. 1, 1997, produced an estimated \$654,000 for the 1998-99 biennium.

**HB 1200** was a partial response to a TPR proposal to provide a "lifetime" motor vehicle driver license and extended the term of each new or renewal operator license by 50 percent — to six years from four years. The *Motor Vehicle Driver License* fee was adjusted upward accordingly — from \$16 to \$24 — thereby generating an additional \$57.6 million in "speed-up" revenue for the 1998-99 biennium. This bill became effective Sept. 1, 1997.

**HB 1387** established a semi-annual payment schedule for the *Automobile Theft Prevention Authority* fee. Under **HB 1387**, payment was due on March 1 for the last six months of the previous year and on August 1 for the first six months of the current year. Because a full 12 months of coverage (for 1997) would be collected March 1, 1998, and another six months of coverage (for the first half of 1998) would be collected on Aug. 1, 1998, this bill was expected to produce an estimated \$6.5 million in "speed-up" revenue for the 1998-99 biennium.

**HB 1855** amended the *Sales and Use* tax exemption for personal property used in the manufacturing process. The bill specifically limited the exemption to essential property used directly in the manufacturing process makes or causes

a physical or chemical change in 1) the product being manufactured for sale, or 2) a preliminary or intermediate product that becomes part of the final product for sale. In addition, the bill clarified intraplant transportation equipment did not qualify for the exemption. This bill became effective Oct. 1, 1997 and produced an estimated \$128.2 million for the 1998-99 biennium.

**SB 226** allowed for the creation of Defense Economic Readjustment Zones. Under this bill, Defense Readjustment Projects designated by the Texas Department of Economic Development would be able to request *Sales and Use* tax refunds of \$2,500 paid on qualifying purchases for each new permanent job created or retained, not to exceed \$250,000 annually. Also, for *Franchise* tax reporting, corporations designated as qualified projects would be permitted to deduct either 1) from their apportioned taxable capital, 50 percent of their capital investment in the zone, or 2) from their apportioned earned surplus, 5 percent of their capital investment in the zone. This bill, which became effective May 19, 1997, was estimated to cost \$4.1 million in the 1998-99 biennium and \$11.2 million in the 2000-01 biennium.

**SB 249** set the *Telecommunications Infrastructure Fund* assessment rate at a flat 1.25 percent for all payers. The bill required the rate to remain in effect until the revenue collected reached \$1.2 billion, at which point the Comptroller's office would set a final year rate to allow the total collections to come as close to \$1.5 billion as possible without exceeding that figure. This bill became effective July 1, 1997.

**SB 385** increased the *OPIC* assessment for life, accident and health insurance to 5.7 cents from 3 cents per policy to cover the costs of OPIC's increased responsibilities under **SB 385**. This bill, which applied to policies issued in and after calendar 1998, was expected to produce \$342,000 in the 1998-99 biennium and \$729,000 in the 2000-01 biennium.

Finally, the Legislature adopted four bills relating to *Oil Production* and *Natural Gas Production* taxes. **SB 126** created a 10-year tax exemption for oil or gas produced from a well certified by the Texas Railroad Commission as a "two-year inactive well." **SB 582** extended the application period for the existing EOR exemption. **SB 862** eliminated the "180-day window" and allowed producers to request Texas Railroad Commission certification for a "high-cost"

gas well any time after the date of first production. Lastly, **SB 1440** reduced the *Oil Production* tax rate to 2.3 percent on incremental production from improved wells previously producing seven or fewer barrels a day. The bill also reduced the *Natural Gas Production* tax rate to 3.75 percent on incremental casinghead gas production from approved oil leases and granted an exemption on casinghead gas vented or flared for 12 months or more. All four bills became effective Sept. 1, 1997.

## 1999: The 76th Legislature, Regular Session

In January 1999, the Comptroller's *Biennial Revenue Estimate* for 2000-01 projected the state would have \$58 billion available for general purpose spending — a 11.3 percent increase over the \$52.1 billion certified in 1998-99.

The 76th Legislature's tax agenda focused on **SB 4**, relating to school funding and local property tax relief; **SB 7**, relating to electric utility deregulation; and **SB 441**, relating to *Sales and Use* and *Franchise* tax relief.

**SB 4** provided \$3.8 billion in local school funding and property tax relief. In addition to making possible a \$3,000 statewide teacher pay raise, this bill granted \$1.4 billion in local school district property tax relief for 2000-01.

**SB 7** froze the rates charged by investor-owned electric utilities as of Sept. 1, 1999, and lowered the rates by 6 percent on Jan. 1, 2002. Municipally-owned electric utilities and cooperatives were provided the option of deciding if and when to open their service area to competition. The bill was designed to preserve the tax bases for the *Sales and Use* tax on electricity; the *Gas, Electric, and Water Utility* tax; and the *Public Utility Gross Receipts* assessment.

**SB 7** also created the System Benefit Fund by authorizing a fee not to exceed \$0.65 per megawatt hour. The bill imposed the *System Benefit Fund/Non-Bypassable Utility* fee on the customers of investor-owned electric utilities and the customers of those municipal and cooperative electric utilities electing competition. The fund was established to provide for customer education, low-income assistance programs, state agency administrative expenses and to replace any property tax revenue lost by school districts as a result

of electric utility restructuring. This fee was expected to generate \$15.3 million in the 2000-01 biennium.

**SB 441**, the session's major state tax bill, enacted several exemptions and credits relating to the *Sales and Use* and *Franchise* taxes. With respect to the *Sales and Use* tax, the bill provided an exemption for the first \$25 of a monthly charge for internet access service, effective Oct. 1, 1999; an exemption for non-prescription drugs, effective April 1, 2000; an annual three-day clothing and footwear sales tax holiday every August, starting August 1999; and a 20 percent exemption for data processing and information services, effective Oct. 1, 1999.

With respect to the *Franchise* tax, **SB 441** added a small business exemption for corporations with less than \$150,000 in gross receipts, effective for tax reports due on or after Jan. 1, 2000; a credit for corporations providing child care facilities or services for their employees' children; and separate credits for certain research and development activities, qualifying job creation in "strategic investment areas" (SIAs), and qualifying investment in SIAs. Finally, **SB 441** added an additional credit for corporations that contribute to the operation of a qualifying "school-age child care program." In aggregate, the *Sales and Use* tax and *Franchise* tax provisions in **SB 441** granted \$10.5 million in tax relief in fiscal 1999 and an estimated \$496 million in tax relief for the 2000-01 biennium.

**HB 1014** broadened the *Hotel Occupancy* tax base by including out-of-state public and private institutions of higher education. This revision was expected to generate an additional \$1.5 million in tax revenue for the 2000-01 biennium, effective Sept. 1, 1999. Against these gains, however, the bill required that 1 percent of the *Hotel Occupancy* taxes collected from remitters in South Padre Island be returned to the community for beach cleanup. The amount allocated to South Padre Island was estimated to be \$1 million for the 2000-01 biennium.

**HB 1837** established flat tax rates for the *Insurance Premium* taxes on property and casualty insurance and title insurance, effective for the 2000 tax year and beyond. Previously, the basic tax rate for property and casualty insurance was 3.5 percent, and the basic rate for title insurance was 2 percent. Depending on their proportion of Texas

investments, however, insurers could qualify for significantly lower rates. This bill established a single rate of 1.6 percent for property and casualty insurance and, likewise, a single rate of 1.35 percent for title insurance. Because the new rates were calculated to be revenue-neutral based on their positive effect on retaliatory tax collections, this change was expected to produce no significant effect on net tax collections.

**HB 3159** created a *Diesel Fuel* tax exemption for fuel used in commercial passenger vehicles operating on fixed routes. Because 25 percent of *Diesel Fuel* tax revenue goes to the Available School Fund, the bill created a new fee equal to \$0.04875 per gallon and deposited to the fund to make up for the lost tax revenue. This bill, which became effective Sept. 1, 1999, was estimated to create a loss of \$2.1 million to the State Highway Fund 0006 for the 2000-01 biennium.

**HB 3697** eliminated the *Workers' Compensation Insurance Fund* surcharge. The 71st Legislature created the Workers' Compensation Insurance Fund as a quasi-public entity to stimulate competition in the workers' compensation market and to serve as the insurer of last resort. \$300 million in revenue bonds were authorized to cover the Fund's initial capitalization and operating expenses. A new Insurance Maintenance surcharge was levied against all workers' compensation premiums written in the state. To offset the fund's losses incurred as the state's "insurer of last resort," the Legislature granted the fund a 2 percent tax credit against the fund's insurance premium and maintenance tax liabilities.

By 1999, the fund had retired all of its bond debt and acquired a substantial surplus. Consequently, the Legislature passed **HB 3697** to remove the tax credit, repeal the surcharge and refund all past surcharge collections. Because the surcharge was not counted as state revenue and the 2 percent tax credit had been exhausted before it could be applied to insurance premium tax liability, this bill had no significant revenue implications for the 2000-01 biennium.

**SB 530** expanded the *Insurance Premium* tax exemption for certain group accident and health insurance policies for municipal and county employees. This bill broadened the exemption to include certain plans for hospital district

employees and employees of municipal or county hospitals. This bill, which became effective Jan. 1, 2000, was estimated to have a negligible effect on state revenue for the 2000-01 biennium.

**SB 977** created a *Motor Vehicle Sales and Use* tax exemption for the purchase, purchase for lease, or rental of a machine or trailer used primarily for timber operations. Because it did not become effective until Oct. 1, 2001, this provision was estimated to have no significant effect for the 2000-01 biennium. The bill repealed the current *Sales and Use* tax exemption for the first \$50,000 of the purchase price of units of machinery used exclusively for certain timber operations and created a new exemption for gas and electricity used by persons engaged in timber operations — both effective Oct. 1, 2001.

In addition, **SB 977** granted a *Sales and Use* tax exemption for seedlings, certain chemicals, and machinery and equipment used in timber production, effective Jan. 1, 2008. As a means of phasing in this exemption, the bill established a schedule allowing purchasers to apply for a credit or refund for a portion of such taxes paid within a defined period. The refundable/creditable portion started at 33 percent for purchases made between Oct. 1, 2001, through the end of calendar 2003, rising to 50 percent for purchases in 2004 and 2005, and topping out at 75 percent for the two calendar years preceding Jan. 1, 2008, at which point the exemption took full effect.

Finally, the Legislature enacted five bills directly affecting energy-related taxes or fees. **HB 2615**, which became effective Sept. 1, 1999, concerned two-year inactive wells and “high-cost” gas wells. The bill extended the application period for the existing 10-year *Oil Production* tax and *Natural Gas Production* tax exemption for oil or gas produced from a well that had been certified by the Texas Railroad Commission as a “two-year inactive well.” (Despite the name, there can be one month of production during that two-year period.) In addition, **HB 2615** (and, similarly, **HB 2104**) extended the existing reduced tax rate for high-cost wells to include wells spudded or completed after Aug. 31, 2002, and before Sept. 1, 2010. **HB 2615** had no fiscal impact for the 2000-01 biennium.

**HB 2816** reduced the *Petroleum Product Delivery* fee schedule by 25 percent, effective Sept. 1, 1999. This fee is used to finance the Groundwater Protection Cleanup Program. Before passage of **HB 2816**, the fee could only be collected when the unobligated balance in the Petroleum Storage Tank Remediation Account fell below \$125 million. **HB 2816** reduced the fund cap to \$100 million and extended the life of the program (which was due to expire on Sept. 1, 2001) an additional two years — until Sept. 1, 2003. Finally, this bill directed no fees could be collected on or after March 1, 2002. Because 2 percent of the fee is credited to the General Revenue Fund as a state service charge, **HB 2816** was estimated to cause a General Revenue loss of \$1.5 million in the 2000-01 biennium and a \$74.6 million loss to Petroleum Storage Tank Remediation Account over the same period.

**SB 290**, which became effective March 11, 1999, created a temporary *Oil Production* tax and *Natural Gas Production* tax exemption for oil or gas from certain wells under certain market conditions. The temporary tax exemption applied to crude oil wells producing no more than 15 barrels of oil per day per well, and the monthly average price of oil had to be below \$15 per barrel, as reported on the New York Mercantile Exchange (NYMEX), for three consecutive months prior to the reporting period. The temporary exemption also applied to natural gas wells producing no more than 90 Mcf of gas per day (and casinghead gas from oil wells producing no more than 15 barrels of oil per day per well), and the monthly average price of gas had to be below \$1.80 per Mcf, as reported on the NYMEX, for three consecutive months prior to the reporting period.

The price conditions for exemption under **SB 290** were satisfied for only a few reporting months — February, March and April 1999 — and then only for crude oil production. The three following reporting months — May, June and July 1999 — failed to qualify for the exemption because the price of oil was above \$15 per barrel during at least one of the three consecutive months preceding them. The temporary gas exemption never went into effect because the average price for gas never fell below \$1.80 per Mcf. **SB 290** had a statutory maximum loss of \$45 million that could be claimed for 1999 production.

**SB 329**, which became effective Sept. 1, 2001, repealed the odd-year estimated tax prepayment for the *Oil Production* tax and *Natural Gas Production* tax. This bill eliminated the estimated prepayment of taxes for the reporting month of July, due on August 15 of each odd-numbered year. Because the effective date was Sept. 1, 2001, the odd-year prepayment had to be paid on Aug. 15, 1999, as well as on Aug. 15, 2001. In addition, **SB 329** repealed the speed-up of the due date for the August payment for gasoline and diesel fuel taxes. This bill had no fiscal impact for the 2000-01 biennium.

## 2001: The 77th Legislature, Regular Session

In January 2001, the Comptroller's *Biennial Revenue Estimate* for 2002-03 projected the state would have \$60.8 billion available for general purpose spending — a 5.3 percent increase over the \$57.7 billion certified as available for the 2000-01 appropriation.

In contrast to previous sessions, the 77th Legislature had relatively little on its tax agenda, and what there was focused mostly on property tax issues. Nevertheless, several significant bills did become law.

**HB 1200** created the Texas Economic Development Act to allow school districts to limit property appraisals for maintenance and operation (M&O) tax purposes for corporations creating new jobs and investing certain minimum amounts in tangible personal property and improvements in new and existing operations. This bill, which became effective Jan. 1, 2002, had no fiscal impact for the 2002-03 biennium.

**HB 2604** created the *Volunteer Fire Department Assistance Fund* assessment. Pursuant to the bill, the assessment rate was to be set each year to generate annual revenues of \$15 million based on certain property and casualty insurance premiums. This bill took effect July 1, 2001, and was estimated to raise \$30 million in the 2002-03 biennium. The bill was scheduled to expire Sept. 1, 2011; however, **HB 3315**, 80th Legislature, Regular Session, repealed this expiration.

**HB 2687** reinstated the *Petroleum Products Delivery* fee on petroleum products when they are withdrawn from a bulk facility and delivered into a cargo tank or barge, or imported into the state in a cargo tank or barge for delivery

to another location for distribution or sale. The bill, which took effect Sept. 1, 2001, was estimated to produce \$4.1 million in General Revenue and \$201.2 million for the Petroleum Storage Tank Remediation Account in the 2002-03 biennium.

**HB 3667** created a separate *Fireworks* tax, levied at 2 percent, in addition to the existing applicable state and local *Sales and Use* taxes. This bill, which became effective Oct. 1, 2001, was estimated to generate \$848,000 in the 2002-03 biennium.

**SB 2** created *Sales and Use* tax exemptions for certain nonprofit water supply and sewer-service corporations and for certain water and wastewater equipment. The bill, which took effect Sept. 1, 2001, was estimated to reduce state revenues by \$10.9 million for the 2002-03 biennium.

**SB 5** created the Texas Emissions Reduction Plan (TERP) Fund, to consist of revenues generated by several new surcharges: a 10 percent of the *Motor Vehicle Registration* fee for truck-tractors or commercial motor vehicles; a 1 percent *Sales and Use* tax surcharge for each sale, lease, or rental of new or used off-road heavy duty diesel construction equipment; a *Motor Vehicle Sales and Use* tax surcharge of 2.5 percent of the total price paid on every retail sale or lease of model-year 1996 and earlier on-road diesel motor vehicles weighing more than 14,000 pounds; a *Motor Vehicle Inspection* fee surcharge of \$10 on each commercial motor vehicle inspection; and a *Motor Vehicle Inspection* special fee of \$225 for a motor vehicle previously registered or titled in another state (this last provision was repealed by **HB 2481**, 79th Legislature, Regular Session).

**SB 5** also provided a *Diesel Fuel* tax exemption for the volume of water, fuel ethanol, biodiesel or mixtures of any of those elements in the final product. The bill, which took effect Sept. 1, 2001, was estimated to reduce General Revenue-related funds by \$15.6 million and State Highway Fund amounts by \$28.2 million in the 2002-03 biennium. The gain in fee and surcharge revenue to the new TERP fund was estimated to be \$275.6 million.

**SB 63** provided a *Franchise* tax credit for wages paid to persons with certain disabilities, with the credit being equal to 10 percent of wages paid. The credit, which could first be

taken on report year 2002 tax reports, was estimated to save taxpayers \$506,000 for the 2002-03 biennium.

**SB 317** included sale-leaseback transactions in the definition for “loan” under the Finance Code, Section 341.001, thereby exempting those transactions from the *Sales and Use* tax. This bill, which became effective Sept. 1, 2001, was estimated to cost General Revenue \$2.7 million for the 2002-03 biennium.

**SB 601** granted *Insurance Premium* tax credits as means to facilitate the creation and funding of certified capital companies (CAPCOs) to invest in Texas businesses. The Legislature made the bill’s implementation contingent upon the availability of sufficient additional revenue to fund the credits. If such additional revenue had become available, the maximum annual General Revenue cost in fiscal 2002 and each year thereafter for a 10-year period would have been \$20 million.

**SB 1839** provided for the establishment of a \$75 million bond program to support nursing home liability insurance and a Nursing Home Stabilization Reserve Fund *Bond Debt Service Maintenance* tax surcharge. The bill also created the Quality Assurance Fund outside of the State Treasury for long-term health care facilities. The fund would consist of the proceeds from a new fee imposed on certain intermediate-care facilities to be used to obtain matching federal Medicaid funds. The bill proscribed collection of the bond debt surcharge until March 1, 2003, contingent on the issuance of revenue bonds before January 2003. The estimated General Revenue-related cost for the 2002-03 biennium was \$3 million.

## 2003: The 78th Legislature, Regular Session

In January 2003, the Comptroller’s *Biennial Revenue Estimate* for 2004-05 forecast a severe downturn in state revenues, exacerbated by a \$1.8 billion projected shortfall in the 2002-03 General Revenue ending balance. In contrast to the ending balance surpluses and ever-rising revenue streams that characterized the preceding 10 years, the new estimate projected that the state would have only \$54.1 billion in funds available for general purpose spending — 12.2

percent less than the \$61.6 billion certified as available for 2002-03.

In the past, revenue shortfalls typically led to major tax rate increases and base expansions. The 78th Legislature chose a different path, focusing on spending reductions and relatively obscure fee/assessment hikes. As a result, the session produced few significant tax or fee bills.

**HB 1**, pursuant to Governor Perry’s veto of the appropriation to the Research and Oversight Council on Worker’s Compensation Commission, the commission was effectively abolished on Sept. 1, 2003, thereby moving the *Research and Oversight Council on Workers’ Compensation Maintenance* tax. Because the commission’s appropriation was “self-funded” through the dedicated maintenance tax, this action had no significant net fiscal impact for the 2004-05 biennium.

**HB 1365** enacted several revenue increases for the Texas Emissions Reduction Plan Fund (TERP). The bill increased the *Sales and Use* tax surcharge on off-road, heavy duty diesel construction equipment from 1 percent to 2 percent, and broadened the scope of the surcharge by including mining equipment and extending the surcharge to both sales and use of equipment. The *Motor Vehicle Sales and Use* tax surcharge on the sale, lease and use of on-road diesel motor vehicles more than 14,000 pounds was extended to include model years later than 1996 but at a lower rate of 1 percent of the total price paid. In addition, the bill increased the *Motor Vehicle Certificate of Title* application fee by \$20 if the applicant’s residence is in a county located within a nonattainment area, or by an additional \$15 if the applicant’s residence was in any other county. **HB 1365** was effective July 1, 2003. The bill was expected to reduce General Revenue by \$4.6 million and increase TERP fund revenue by \$234.9 million in the 2004-05 biennium.

**HB 2292** changed the definition of premiums and revenues for insurance taxation purposes. The definitions of accident and health insurance premiums and HMO revenues were amended to make the premiums and revenues received from the State Treasury by insurers and HMOs for insurance under the Medicaid and the Children’s Health Insurance Program (CHIP) subject to *Insurance Premium* and *Insurance Maintenance* taxes. The bill also amended

the definition of HMO enrollees to include, for maintenance tax purposes, enrollees covered by the Medicaid and CHIP programs. Effective Sept. 1, 2003, and applicable for reports due on or after Jan. 1, 2004, these specific provisions were estimated to raise an additional \$51.1 million in General Revenue in 2004-05.

**HB 2424**, effective Oct. 1, 2003, made the *Natural Gas Production* tax exemption permanent for high-cost gas. The bill removed the Sept. 1, 2010, expiration date to drill a qualified well. The exemption period for each qualified gas well remained the first 120 consecutive calendar months beginning on the day of first production or until the cumulative value of the tax reduction equals 50 percent of the drilling and completion costs incurred for the well. Because this change was scheduled not to occur until fiscal 2011, it had no effect on revenues in 2004-05.

The bill made the *Oil Production* tax exemption permanent for new and expanded existing enhanced oil recovery (EOR) projects by deleting the application deadline of Jan. 1, 2008. This provision also had no fiscal impact for 2004-05.

**HB 2425** modified the *Natural Gas Production* tax filing requirements for high-cost gas. Taxpayers that file an application for high-cost gas certification with the Texas Railroad Commission after Jan. 1, 2004 may have received a credit for severance taxes paid on production for the 24 consecutive months immediately preceding the application. Before this bill, taxpayers could receive up to four years or more in severance tax refunds and were not bound by a deadline to apply for those severance tax refunds.

**HB 2425** permitted the creation of certified capital companies (CAPCOs), which are state-regulated, privately owned and operated venture capital entities that invest funds in early stage companies doing business in the state. Effective June 20, 2003, the bill reinstated the CAPCO program that had originally passed in 2001 by repealing the implementation contingency clause in the original legislation (**SB 601**, 76th Legislature). The bill allowed licensed insurers to invest a total of \$200 million in venture capital through qualified CAPCOs and to receive, in aggregate, *Insurance Premium* tax credits totaling no more than \$50 million per year (capped at \$200 million over all years) beginning with

the 2008 tax year. These changes had no fiscal impact for the 2004-05 biennium.

**HB 2425** implemented provisions to improve and clarify the *Sales and Use* tax refund process; exempted materials used in the construction of certain pharmaceutical cleanrooms; imposed use tax on materials purchased or processed out of state but used in Texas after processing or manufacturing; and implemented destination-based sourcing for services and other elements of the Streamlined Sales Tax Agreement. These changes made available an additional \$36.4 million for the 2004-05 biennium.

**HB 2458** moved the imposition and collection of the *Motor Fuels* tax to the terminal rack from the motor fuel wholesaler. The bill eliminated the tax exemption for “clear” diesel fuel. Effective Jan. 1, 2004, the bill was estimated to generate a gain of \$35.1 million for 2004-05.

**HB 3459** extended the life of the *Telecommunications Infrastructure Fund (TIF)* assessment by raising the TIF cap from \$1.5 billion to \$1.75 billion. Effective June 30, 2003, this change was expected to generate a gain of \$250 million to the Telecommunications Infrastructure Account for 2004-05. The bill also authorized the Texas Lottery Commission’s participation in multi-jurisdictional lottery games, and subsequently the state joined the Mega Millions (2003) and Powerball (2010) multi-state lottery games.

## 2003: The 78th Legislature, Third Called Session

**HB 28** officially abolished the Research and Oversight Council on Workers’ Compensation, following the Governor’s veto of the council’s **HB 1** appropriation after the end of the regular session (see discussion of **HB 1**, under 2003: The 78th Legislature, Regular Session). To replace the council, the bill established a workers’ compensation research program at the Texas Department of Insurance (TDI) and transferred its property and references in law to TDI. In addition, the bill transferred the balance of the Research and Oversight Council on Workers’ Compensation Account to the Texas Department of Insurance Account and granted TDI the authority to levy the separate *Insurance Maintenance* tax to fund program activities for which funds had been appropriated. Because appropriations for insurance regulation and oversight are

self-funded via annual adjustments in *Insurance Maintenance* tax rates, this bill had no net fiscal impact.

## 2005: The 79th Legislature, Regular Session

In contrast to the potential budget shortfall that faced the Legislature during the preceding biennium, the Comptroller's January 2005 *Biennial Revenue Estimate* for 2006-07 forecasted not only a significant upturn in state revenues but a positive \$2.3 billion 2004-05 ending balance. The new estimate projected the state would have \$64.7 billion in funds available for general-purpose spending, or 10.8 percent more than the \$58.4 billion certified as available for 2004-05.

With the state's tax revenues and economy seemingly back on track, the 79th Legislature sought to provide school property tax relief, increase funding for school districts, provide more equitable funding for education and reform the state's chief tax on business — the *Franchise* tax. While these goals took center stage throughout the regular session and each of the subsequent two called sessions in 2005, they remained elusive until a third called session in 2006. Nonetheless, the Legislature did enact a number of unrelated bills affecting state tax and fee revenues.

**HB 7** abolished the Workers' Compensation Commission and transferred responsibility for regulating workers' compensation to the Texas Department of Insurance. As such, the rate-setting authority for the *Workers' Compensation Maintenance* tax was transferred to the successor agency, but there was no substantive change in the tax base. Those portions of the bill affecting the *Maintenance* tax had no direct fiscal implications.

**HB 532** allowed title insurance companies to invest in certified capital companies (CAPCOs), reversing their exclusion in prior law. As the bill would have no effect on the timing or aggregate limit of insurance premium tax credits allowed to be claimed by CAPCO investors, it would have no fiscal impact on the state.

**HB 2161** established several severance tax incentives. The bill created temporary credits for the *Natural Gas* and *Oil Production* taxes for natural gas and oil pumped from low-producing wells. The credits, set to expire Sept. 1, 2007,

would apply only when certain trigger prices were met, and could increase until either the taxable price of natural gas dropped to \$2.50 or less per Mcf or the taxable price of oil dropped to \$22 or less per barrel, at which point the credit would equal 100 percent of the tax due. The bill also established exemptions for the *Natural Gas* tax and *Oil Production* tax for future production from a qualifying orphan well and an oil tax credit for installation of enhanced energy efficiency equipment on oil wells with marginal production. Effective Sept. 1, 2005, this bill had no net fiscal impact for 2006-07.

**HB 2201** would provide *Franchise* tax deductions for the cost of equipment purchased for a clean coal project. The bill took effect June 18, 2005, and had no significant fiscal impact in the 2006-07 biennium.

**HB 2481** extended the expiration dates of surcharges supporting the Texas Emissions Reduction Plan (TERP) Fund by two years. These surcharges include the *Sales and Use* tax surcharge of 2 percent on off-road heavy duty diesel powered construction equipment, and the *Motor Vehicle Sales and Use* tax surcharges of 1 percent or 2.5 percent (depending on the age of a vehicle) on certain on-road diesel powered trucks, both extended to Sept. 30, 2010. The *Motor Vehicle Registration* fee surcharge of 10 percent on truck-tractors or commercial motor vehicles and the *Motor Vehicle Inspection* fee surcharge of \$10 on commercial motor vehicles both were extended to Aug. 31, 2010.

**HB 2481** extended the *Motor Vehicle Certificate of Title* two-rate surcharge of \$20 or \$15, depending on the county of residence, until on or after Sept. 1, 2010, at which time the rate would become \$15 regardless of county of residence. This surcharge revenue would continue to be dedicated to TERP until Sept. 1, 2008, then to the Texas Mobility Fund (TMF), except for the \$5 additional amount charged in non-attainment counties that would continue to be deposited to TERP through Sept. 1, 2010, at which time the \$5 would revert to the TMF.

**HB 2481** also repealed the *Motor Vehicle Inspection* special fee of \$225 on motor vehicles previously registered or titled in another state. The Comptroller's office was directed to determine the amount of money dedicated to TMF each month and transfer a like amount from the State

Highway Fund to TERP until Sept. 1, 2010, at which time this provision expired. Along with other revenue-related provisions in the bill, these changes had no significant anticipated fiscal impact in the 2006-07 biennium.

**HB 2883** revised various provisions in state law relating to the Life, Accident, Health, and Hospital Service Insurance Guaranty Association. Among the changes, the bill raised the maximum assessment that could be made against an insurer, and it compressed the rate at which such assessments could be taken as credits against an insurer's *Insurance Premium* tax liability.

For assessments relating to an insolvency occurring on or after Sept. 1, 2005, the credit was allowed at a rate of 20 percent per year over five years, instead of 10 percent per year over 10 years. Because the timing and amount of guaranty fund assessments cannot be predicted with any degree of certainty, the fiscal impact could not be estimated. This bill took effect Sept. 1, 2005.

**SB 796** renamed and revised the *Boxing Admissions* tax to bring it more in line with the evolution of the sport. As the *Combative Sports Admissions* tax, the levy became applicable to a wider scope of martial arts contests, but the 3 percent tax on broadcast rights was capped at \$30,000, making the net fiscal impact insignificant. This bill took effect Sept. 1, 2005.

**SB 877** allowed Texas wineries, and out-of-state wineries holding a Texas shipper's permit, to ship wine to consumers in Texas. Out-of-state shippers would be required to remit all applicable state taxes on sales to Texas customers. This bill took effect May 9, 2005, and had no significant fiscal impact.

**SB 1691** exempted premiums for Texas school employees' uniform group health insurance coverage from *Insurance Premium and Maintenance* taxes. This change took effect Sept. 1, 2005, and resulted in a net loss of \$59.4 million in General Revenue in the 2006-07 biennium.

**SB 1863**, a broad fiscal management bill, continued the *Petroleum Products Delivery* fee at the same rates. Previously the rates were scheduled to decrease in fiscal 2006 and 2007. The Sept. 1, 2007, expiration date of the fee remained unchanged. This change generated a \$105.4 million gain to

the Petroleum Storage Tank Remediation Account in the 2006-07 biennium. This change took effect Sept. 1, 2005.

**SB 1863** decreased the *Coastal Protection* fee from two cents per barrel to 1.33 cents per barrel. The bill reduced the ceiling on the Coastal Protection Account from \$25 million to \$20 million and lowered the floor from \$14 million to \$10 million. These provisions resulted in a net loss of \$6.5 million for the Coastal Protection Account for 2006-07. This change took effect Aug. 29, 2005.

**SB 1863** extended the *Telecommunications Infrastructure Fund (TIF)* assessment through Aug. 31, 2011, increased the ceiling on assessments and increased General Revenue-related funds by \$400 million in the 2006-07 biennium. This change took effect Sept. 1, 2005.

## 2006: The 79th Legislature, Third Called Session

Following up on the recommendations of the March 29, 2006, final report of the Texas Tax Reform Commission, the Third Called Session of the 79th Legislature enacted five bills that, together, provided a means to reduce school property tax rates and a revenue stream to help fund that relief.

**HB 1** established a procedure to phase in over two years a reduction in the average school district maintenance and operations tax rate, first to \$1.33 per \$100 of taxable value in fiscal 2007, and then to \$1 per \$100 of taxable value in fiscal 2008. This bill generated an estimated General Revenue-related cost of \$3.9 billion in fiscal 2007 and \$18.8 billion in the 2008-09 biennium.

**HB 2** created the Property Tax Relief Fund to receive certain new revenues for the purpose of reducing school property tax rates. As such, the bill allocated to the new fund the tax revenue attributable to the revenue gains (defined as the amounts above what would have accrued had current law remained in effect) from the changes implemented by **HB 3**, **HB 4** and **HB 5**. By itself, this bill had no direct fiscal impact.

**HB 3** made substantial changes to the *Franchise* tax, affecting not only the types of entities subject to the tax but also how the tax is calculated. Before the changes made in **HB 3**, only businesses organized as corporations or limited liability companies were subject to the tax. **HB 3** extended

the tax to other business entities, including limited partnerships, certain general partnerships, business trusts and other legal entities. Sole proprietorships, general partnerships directly owned only by natural persons and passive entities remained exempt from taxation.

Before the changes made in **HB 3**, a taxpayer calculated tax liability as the greater of 4.5 percent of Texas-apportioned earned surplus, or 0.25 percent of Texas-apportioned capital. **HB 3** eliminated both the earned surplus and capital bases and replaced them with a firm's "taxable margin," defined as total revenue less the greater of cost of goods sold or total compensation. The tax rate on margin apportioned to Texas was set at 1 percent for most taxable businesses, with a half-rate of 0.5 percent applicable to businesses in retail or wholesale trade.

In addition, **HB 3** made changes to the small business exemption provisions of the tax. Before **HB 3**, a business with less than \$150,000 in total gross receipts or a tax liability of \$100 or less owed no tax. **HB 3** increased the exemption levels to \$300,000 in gross receipts and \$1,000 in tax liability.

Finally, **HB 3** required combined reporting for taxpayer groups with common ownership in those situations where group members are engaged in a unitary business. Before **HB 3**, franchise taxpayers had to report on a separate-entity basis.

The franchise tax provisions of **HB 3** applied to reports due after Jan. 1, 2008. **HB 3** made \$6.8 billion in General Revenue-related funds available for school property tax relief in the 2008-09 biennium.

**HB 4** established, effective Oct. 1, 2006, a standard "presumptive value" for the purpose of determining the amount of *Motor Vehicle Sales and Use* tax due on private-party sales of used motor vehicles. This bill made \$30.6 million in General Revenue-related funds available for school property tax relief in fiscal 2007 and another \$85.1 million in the 2008-09 biennium.

**HB 5** raised the *Cigarette* tax rate by \$1, making the rate \$1.41 per pack, and raised the *Cigar and Tobacco Products* tax rate on tobacco products other than cigars to 40 percent of the manufacturer's list price from the former rate of 35.213 percent. Effective Jan. 1, 2007, **HB 5** made \$431.7 million in General Revenue-related funds available

for school property tax relief in fiscal 2007 and another \$1.4 billion in the 2008-09 biennium.

## 2007: The 80th Legislature, Regular Session

The Comptroller's January 2007 *Biennial Revenue Estimate* for 2008-09 forecasted continued with moderate growth in state revenues, with a positive \$7 billion 2006-07 ending balance. The new estimate projected that the state would have \$82.5 billion in funds available for general-purpose spending — 14.6 percent more than the \$71.9 billion certified as available for 2006-07.

**HB 4** expanded the water-related exemptions in the *Sales and Use* tax code to exempt tangible personal property specifically used to process, reuse or recycle wastewater used in fracturing work performed at an oil or gas well. The new exemption was estimated to reduce state sales tax collection in the 2008-2009 biennium by \$1.4 million.

**HB 11** allowed the Comptroller's office to require wholesalers and distributors of alcoholic beverages and tobacco products to submit to the Comptroller's office monthly reports of their sales to retailers in the state. Increased audit coverage of retail outlets in response to the information provided through the new reporting procedure was estimated to raise sales tax collections by \$72.5 million in the 2008-09 biennium. This change took effect Sept. 1, 2007.

**HB 735** abolished the Telecommunications Infrastructure Fund (TIF) and the *TIF* assessment. The 1.25 percent *TIF* assessment was eliminated at the end of the calendar quarter ending Sept. 30, 2008. Telecommunications utilities and cellular phone companies were allowed to continue to recover from customers, through a monthly billing process, reimbursement of the assessment that had been imposed on those companies. This change resulted in a loss to General Revenue-related funds of \$176 million in the 2008-09 biennium. The bill took effect Sept. 1, 2008.

**HB 1009** expanded the number of municipalities eligible to receive a portion of state *Hotel Occupancy* taxes to fund the cleaning and maintenance of public beaches. The bill's provisions made Corpus Christi and Port Isabel eligi-

ble and resulted in a loss to General Revenue of \$2.2 million in the 2008-09 biennium. The bill took effect June 15, 2007.

**HB 1332** allowed a credit or refund of the *Diesel Fuel* tax on fuel used as a feedstock for the manufacturing of tangible personal property for resale or used for certain procedures in the production of oil or natural gas, resulting in a loss to General Revenue-related funds of \$1.2 million and a loss of \$3.6 million to the State Highway Fund in the 2008-09 biennium. The bill took effect Sept. 1, 2007.

**HB 1459** excluded telephone calls made from a pay telephone and paid for with coins from the definition of a telecommunications service, thereby exempting such calls from the *Sales and Use* tax. This change resulted in a loss to General Revenue-related funds of \$2.5 million in the 2008-09 biennium. The bill took effect Sept. 1, 2007.

**HB 1741** renewed an *Insurance Premium* tax credit for certain investments in certified capital companies (CAPCOs), under which the total amount of certified capital for which credits would be allowed would be \$200 million, and the aggregate credits that could be taken each year would be limited to \$50 million. Credit claims could not be filed until fiscal 2013, and therefore, there would be no fiscal impact in the 2008-09 biennium. This change took effect Sept. 1, 2007.

**HB 1751** created a new *Sexually-Oriented Business Admissions* fee of \$5 to be paid by customers for admission to businesses providing live nude entertainment or performances. The bill resulted in a dedicated General Revenue funds certification gain of \$87.3 million in the 2008-09 biennium. The bill took effect Jan. 1, 2008.

**HB 1849** repealed the *Life Insurance Valuation* fee imposed on the issuers of life insurance policies and the corresponding *Insurance Premium* tax credit. These changes resulted in a gain to General Revenue-related funds of \$8.4 million in the 2008-09 biennium. The bill took effect Sept. 1, 2007.

**HB 2982** repealed the expiration dates of *Natural Gas* tax and *Oil Production* tax credits for qualifying low-producing wells and provided a credit or refund of *Diesel Fuel* tax paid on fuel used in certain oil field well service equipment. The *Diesel Fuel* tax provision took effect Sept. 1, 2007, and resulted in a loss to General Revenue-related funds of \$1.2 million and a loss to the State Highway Fund

of \$3.5 million in the 2008-09 biennium. The *Production* tax repeals took effect Jan. 1, 2008, and had no significant fiscal impact.

**HB 2982** also changed the method used by county tax appraisers to value oil and natural gas properties for ad valorem taxation purposes. This change took effect Jan. 1, 2008, and had no significant fiscal impact.

**HB 3314** extended the date by which enhanced efficiency equipment must be purchased and installed on a qualifying marginal well in order to claim an *Oil Production* tax credit from Sept. 1, 2009, to Sept. 1, 2013. This change took effect Sept. 1, 2007, and had no fiscal impact in the 2008-09 biennium.

**HB 3314** also allowed a credit or refund of *Gasoline* tax, *Diesel Fuel* tax and *Liquefied Petroleum Gas* tax paid on the fuels used by certain metropolitan rapid transit authorities providing specified public school transportation services to a school district. This change took effect July 1, 2007, and resulted in a small loss to General Revenue-related funds and the State Highway Fund in the 2008-09 biennium.

(**HB 3314** included the sales tax holiday provisions also included in **HB 3319**. Those changes are explained in the discussion under **HB 3319**.)

**HB 3315** increased the *Volunteer Fire Department Assistance Fund* assessments levied on certain property and casualty insurance premiums at rates sufficient to yield aggregate annual receipts of \$30 million (an increase of \$15 million), and repealed the assessment's expiration date. This change took effect June 15, 2007.

**HB 3315** also authorized the Comptroller's office to enter into agreements with other states relating to retaliatory taxes and collection of *Insurance Premium* taxes on multi-state surplus lines and independently procured insurance, for which there would be no significant fiscal impact. The bill repealed provisions relating to the treatment of certified capital company premium tax credits under the retaliatory tax to make Texas law consistent with other states' laws, for which the fiscal impact cannot be estimated. These changes took effect June 15, 2007.

**HB 3319** amended *Sales and Use* tax law to exclude certain landman services from the definition of real property services; to clarify the definition of "sale for resale"

regarding the transfer of a wireless voice communication device; to require ready-mix concrete contractors to collect and remit the tax and include on sales invoices quantities produced and consumed; to remove tax exemption limitations for pharmaceutical biotechnology cleanrooms; to move the start date for the annual clothing and footwear tax holiday and add an exemption for certain backpacks; to make technical changes or clarifications to the exemptions for drugs or medicines, tree seedlings grown for commercial timber and aircraft; and to make various changes affecting local sales taxes. The sales tax holiday provisions took effect June 15, 2007, and the other provisions took effect Sept. 1, 2007, resulting in a loss to General Revenue of \$101,000 in fiscal 2007 and a gain of \$333,000 in the 2008-09 biennium. (This bill's sales tax holiday provisions were also included in **HB 3314**.)

**HB 3319** also exempted from the *Motor Vehicle Sales and Use* tax a hydrogen power-capable vehicle with a fuel economy rating of at least 45 miles per gallon, or a fully hydrogen-powered vehicle. This change took effect Sept. 1, 2007, and the fiscal impact for the 2008-09 biennium could not be estimated.

**HB 3554** continued the *Petroleum Products Delivery* fee through Aug. 31, 2011, and reduced the fee's rate schedule. In addition, the bill eliminated the storage tank registration fee. This change was estimated to produce \$1.2 million gain in General Revenue, a \$60.4 million gain for the Petroleum Storage Tank Remediation Account and a \$6.5 million loss for the Waste Management Account in fiscal 2008-09. This change took effect Sept. 1, 2007.

**HB 3693** exempted certain energy-efficient products from the *Sales and Use* tax during the Memorial Day holiday weekend each year. This change took effect Sept. 1, 2007, and had estimated losses to General Revenue of \$4.6 million in the 2008-09 biennium.

**HB 3694** provided a *Franchise* tax credit for certain capital investments in qualifying enterprise zone projects and a *Sales and Use* tax refund for taxable items purchased for use at a qualified business site related to an enterprise zone project or activity. This change took effect June 15, 2007, and had estimated losses to General Revenue of \$4.4

million and \$9.6 million to the Property Tax Relief Fund in the 2008-09 biennium.

**HB 3928** made revisions to the *Franchise* tax to provide a tax discount on a sliding scale for taxpayers with total revenue between \$300,000 and \$900,000; provided an alternative tax calculation for certain taxpayers with less than \$10 million in total revenue; and provided that a taxpayer's gross proceeds from the sale of a loan or security treated as inventory of the seller for federal income tax purposes would be considered gross receipts for apportionment. Those provisions' revenue losses were offset by partnerships rental incomes reporting, as well as by other minor changes. These changes took effect Jan. 1, 2008, and had no significant fiscal impact in the 2008-09 biennium.

**SB 12** extended the expiration dates of surcharges supporting the Texas Emissions Reduction Plan (TERP) Fund by three years, to Aug. 31, 2013. These surcharges included the *Sales and Use* tax surcharge of 2 percent on off-road heavy duty diesel powered construction equipment; the *Motor Vehicle Sales and Use* tax surcharges of 1 percent or 2.5 percent (depending on the age of a vehicle) of certain on-road diesel powered trucks; the *Motor Vehicle Registration* fee surcharge of 10 percent on truck-tractors or commercial motor vehicles; and the *Motor Vehicle Inspection* fee surcharge of \$10 on commercial motor vehicles. The bill continued the *Motor Vehicle Certificate of Title* two-rate surcharge (\$20 or \$15 depending on the county of residence) that was set to become a single-rate surcharge of \$15, and extended the surcharge revenue dedication structure between TERP and the Texas Mobility Fund through Sept. 1, 2015. The bill took effect Sept. 1, 2007, and had no significant fiscal impact in the 2008-09 biennium.

**SB 1436** transferred administration of the National Flood Insurance Program from the Texas Commission on Environmental Quality to the Texas Water Development Board (TWDB), and required that the first \$3.05 million in *Insurance Maintenance* tax collections each fiscal year be deposited in a new account funding the TWDB's responsibilities. The Texas Department of Insurance would be expected to increase *Insurance Maintenance* tax collections to offset transfers to the new account, resulting in reduced General Revenue-related retaliatory tax collections

of \$211,000 in the 2008-09 biennium. The bill took effect Sept. 1, 2007.

**SB 1604** requires the holder of a license issued by the Texas Commission on Environmental Quality authorizing the disposal of a radioactive substance from other persons to remit each quarter an amount equal to 10 percent of the holder's gross receipts from disposal operations, with half of each payment deposited to General Revenue and the other half to the disposal facility's host county. The bill took effect June 15, 2007, and the fiscal impact could not be estimated.

**SB 1617** exempted certain motor vehicle sales by dealers from the *Motor Vehicle Sales and Use* tax due when a dealer factored, assigned or otherwise transferred the right to receive payments on a seller-financed sale. The law requiring payment of the balance of the *Motor Vehicle Sales* tax due on the transaction would not apply to a dealer who sold a purchaser's account to a person registered with the Comptroller's office as a related finance company. The Comptroller's office could charge a fee for this registration. The bill took effect July 1, 2007, and had estimated losses to General Revenue of \$3.9 million in the 2008-09 biennium.

## 2009: The 81st Legislature, Regular Session

The national economy fell into recession at the end of calendar 2007, early in the 2008-09 biennium. When the Comptroller's office presented the Governor and Legislature with the *Biennial Revenue Estimate* for 2010-11 in January 2009, the recession was in its second year but contemporary economic statistics had not yet made the recession's full effects on the Texas economy evident. That session's revenue estimate assumed the state's economy would substantially weaken but not fall into recession, and the state would have a \$2.1 billion ending balance in 2008-09. The revenue estimate projected the state would have \$77.1 billion in funds available for general purpose spending, a decline of 9.4 percent from the \$85.1 billion certified as available for 2008-09.

Despite reduced General Revenue-related funds, the Legislature maintained a moderate spending growth rate in the 2010-11 biennium with the assistance of federal stimulus funds provided to state and local governments through the

American Recovery and Reinvestment Act of 2009. With major revenue-raising measures not required, there were few bills with significant fiscal impact in the biennium.

**HB 469** provided tax incentives to organizations that participate in the research and development of certain qualified clean energy projects. For each qualifying project, a *Franchise* tax credit could be issued for the lesser of 10 percent of specified costs associated with the construction of a project or \$100 million dollars. These clean energy projects would be required to have a capacity of at least 200 megawatts, meet the emissions profile for an advanced clean energy project, capture at least 70 percent of the carbon dioxide associated with the generation of electricity by the facility, be capable of sequestering this carbon dioxide in a geologic formation and be capable of supplying the carbon dioxide captured for purposes of an enhanced oil recovery project.

**HB 469** also extended the reduced tax rate for the *Oil Production* tax from seven to 30 years for qualifying enhanced oil recovery projects using carbon dioxide captured from anthropogenic sources in this state such as a clean energy project. The bill provided certain *Sales and Use* tax exemptions for tangible personal property used in connection with a clean energy project and created property tax abatement provisions for advanced clean energy projects located in county reinvestment zones. The bill took effect Sept. 1, 2009, and the fiscal impact could not be determined.

**HB 1796** extended the expiration dates of the surcharges supporting the Texas Emissions Reduction Plan (TERP) Fund by six years, to Aug. 31, 2019. These surcharges included the *Sales and Use* tax surcharge of 2 percent on off-road heavy duty diesel powered construction equipment; the *Motor Vehicle Sales and Use* tax surcharges of 1 percent or 2.5 percent (depending on the age of a vehicle) of certain on-road diesel powered trucks; the *Motor Vehicle Registration* fee surcharge of 10 percent on truck-tractors or commercial motor vehicles; and the *Motor Vehicle Inspection* fee surcharge of \$10 on commercial motor vehicles. The bill extended by four years, to Aug. 31, 2019, the *Motor Vehicle Certificate of Title* surcharge (an additional \$20 or \$15 depending on the county of residence) that was set to become a single surcharge of \$15, and extended the revenue

dedication structure between TERP and the Texas Mobility Fund. The bill took effect Sept. 1, 2009, and these provisions of the bill had no fiscal impact in the 2010-11 biennium.

**HB 1801** expanded the list of items qualifying for exemption from state and local *Sales and Use* taxes during the annual sales tax holiday in August to include “school supplies,” as that term is defined in the Streamlined *Sales and Use* Tax Agreement, that are priced at less than \$100 and are purchased for use by a student in an elementary or secondary school. The bill took effect July 1, 2009, and reduced General Revenue by \$1.9 million in fiscal 2009 and by \$14.6 million in the 2010-11 biennium.

**HB 2154** changed the taxation method for the non-cigar component of the *Cigar and Tobacco Products* tax, which affected the taxation of products such as snuff, chewing tobacco, pipe tobacco and roll-your-own cigarette tobacco. The tax for those products changed from one based on the product’s wholesale value to a tax based on the product’s weight. The bill took effect Sept. 1, 2009, and in the 2010-11 biennium allocated \$21.7 million to the new Physician Education Loan Repayment Account and, due to provisions in **HB 4765** (see below), increased General Revenue by \$83.0 million. Allocations from this tax to the Property Tax Relief Fund would not change.

**HB 2582** exempted renewable diesel from the *Diesel Fuel* tax and added renewable diesel to the Fuel Ethanol and Biodiesel Production Incentive Program. The bill took effect June 19, 2009, and the fiscal impact could not be determined.

**HB 2654** limited the use of the \$10 gift tax to motor vehicle transfers from a person to a spouse, parent, step-parent, grandparent, child, stepchild, sibling, grandchild, guardian, an estate or a nonprofit organization; otherwise, the *Motor Vehicle Sales and Use* tax would apply. The bill took effect Sept. 1, 2009, and increased General Revenue by \$26 million in the 2010-11 biennium.

**HB 2730** included minor provisions affecting *Motor Vehicle Driver License* fees and Driver Responsibility Program (DRP) surcharges. The bill took effect Sept. 1, 2009. The fiscal impact from the Driver License fees could not be determined, and the DRP surcharge fiscal impacts will occur after the 2010-11 biennium.

**HB 2774** made the Texas Department of Banking, Office of Consumer Credit Commissioner, Department of Savings and Mortgage Lending, and the Credit Union Department self-directed and semi-independent agencies, and required all revenue collected by these agencies be deposited with the Texas Treasury Safekeeping Trust Company. The bill required that any amounts in the Mortgage Broker Recovery Fund more than \$3.5 million be available for the Texas Finance Commission to use toward offsetting the cost of participating in the Nationwide Mortgage Licensing System and Registry. The bill took effect Sept. 1, 2009, and would have no General Revenue-related fiscal impact.

**HB 3433** allowed certain registered owners of a fleet of commercial nonapportioned vehicles to apply for license plates, permanent decals and registration cards for a period of one to eight years for each vehicle. Each eligible vehicle would be assessed an annual fleet management fee of \$10, a one-time license plate manufacturing fee of \$1.50 for each set of plates or \$8 for each set of plates if a name or logo of the business entity was included. These fees, along with all normal registration fees, would be paid in advance for each vehicle for each year of registration requested. The bill was effective Sept. 1, 2009. The State Highway Fund gained \$153.3 million during the 2010-11 biennium, and county road and bridge funds gained \$65.5 million.

**HB 4409** eliminated *Insurance Premium* tax credits for all *Texas Windstorm Insurance Association* assessments made after the bill’s effective date of June 19, 2009. The unpredictability of any future windstorm damage made it impossible to determine the fiscal impact; to the extent that future assessments would no longer result in reduced collection of *Insurance Premium* taxes, the impact would be positive.

**HB 4765** provided that for *Franchise* tax reports due in 2010 and 2011, a business with total revenue of \$1 million or less would owe no tax. Prior to the change, the total revenue amount at which a business owed no tax was \$300,000. For *Franchise* tax reports due in 2012 or later, the total revenue amount for the no-tax-due provision would be \$600,000. The bill took effect Jan. 1, 2010, and reduced General Revenue by \$172 million in the 2010-11 biennium.

In addition, **HB 4765** amended the revenue allocations from the *Cigar and Tobacco Products* tax, as amended by **HB 2154** (see above), to fund the estimated fiscal impacts of **HB 4765**.

**SB 254** exempted volunteer fire departments from the *Gasoline* tax and *Diesel Fuel* tax. The bill took effect July 1, 2009, and reduced General Revenue by about \$100,000 in fiscal 2009 and \$1.4 million in the 2010-11 biennium, and reduced State Highway Fund revenue by \$200,000 in fiscal 2009 and \$4.4 million in the 2010-11 biennium.

**SB 711** created a winery festival permit that authorizes the permit's holder to sell wine at a civic or wine festival, farmers' market, celebration or similar event. The permit holder could not offer wine for sale for more than five days in a 30-day period or on more than three consecutive days in one location. Only winery permit holders can apply for a winery festival permit. The bill took effect Sept. 1, 2009, and increased General Revenue by \$143,000 in the 2010-11 biennium.

**SB 958** created a *Sales and Use* tax exemption for aircraft purchased for agricultural uses. An aircraft is considered to be used exclusively for agricultural purposes if at least 95 percent of the use is for agricultural activities. Repairs, remodeling and maintenance services for an exempt aircraft would also be exempt. The bill took effect Sept. 1, 2009, and reduced General Revenue by \$1 million in the 2010-11 biennium.

**SB 1655** directed the Texas Lottery Commission to create and operate a new instant ticket lottery game no later than March 2, 2010, with the new game's net revenue deposited to the Fund for Veterans' Assistance. The bill took effect June 19, 2009, and was estimated to increase General Revenue-related funds by \$14.9 million in the 2010-11 biennium.

## 2011: The 82nd Legislature, Regular Session

When the 82nd Legislature convened in January 2011, the national recession ended a year and a half earlier, but the economy remained weak and there was reasonable concern recession conditions could return. The Texas economy, while better than most of the country, was not performing at pre-recession levels. The Comptroller's 2012-13 *Bien-*

*nial Revenue Estimate* reflected this economic uncertainty, indicating available revenue collections during the 2012-13 biennium would be \$72.2 billion, \$2.2 billion less than estimated collections in the 2010-11 biennium. In addition, the Comptroller's office estimated a negative \$4.3 billion 2010-11 General Revenue-related ending balance.

The 82nd Legislature responded by reducing spending and using Economic Stabilization Fund revenue to close the fiscal 2011 shortfall. For the 2012-13 biennium, the Legislature made further spending cuts, underfunded the Medicaid program, made spending for certain items contingent on improved revenue collections and approved several short-term revenue-raising provisions. During the session, the Comptroller's office increased the fiscal 2011 sales tax revenue estimate by \$300 million, and near the session's end, the Comptroller's office raised the General Revenue-related revenue estimate for the 2012-13 biennium by \$1.2 billion.

**HB 1**, the General Appropriations Act, directed the Comptroller's office to conduct a limited-duration tax amnesty program to encourage voluntary tax reporting by businesses, with all applicable penalties and interest to be waived. The two-month amnesty program during the summer 2012 increased General Revenue-related funds by \$75 million in the 2012-13 biennium.

**HB 1541** increased the *Automobile Burglary and Theft Prevention Authority* fee from \$1 to \$2 per motor vehicle year. The Authority would receive 50 percent of the new fee with the remainder to General Revenue. The bill took effect Sept. 1, 2011, and increased General Revenue by \$37 million in the 2012-13 biennium.

**HB 2048** directed municipalities and counties to notify the Comptroller's office when an audit determines a hotel failed to collect or pay state *Hotel Occupancy* taxes. If that audit results in collection of delinquent state hotel taxes, the Comptroller's office will pay the local government an amount equal to 20 percent of the delinquent tax collected, not including penalty, interest or amounts paid under protest. The bill took effect Sept. 1, 2011, but the fiscal impact for the state and local government could not be estimated.

**HB 2694** reauthorized the *Petroleum Product Delivery* fee on petroleum products withdrawn from a bulk facility and delivered into a cargo tank or barge, or imported into

Texas, that was set to expire on Aug. 31, 2011. The bill required the Texas Commission on Environmental Quality to set the fee at an amount necessary to cover program costs. The bill became effective Sept. 1, 2011, and increased General Revenue by \$3.3 million in the 2012-13 biennium.

**SB 776** revised the requirements Texas licensed customs brokers must follow when issuing proof of export documentation a purchaser can use to obtain a refund of *Sales and Use* tax. The bill increased the charge for each export stamp from \$1.60 to \$2.10 and required \$0.50 of the charge be used only for enforcing the laws relating to customs brokers. The bill took effect Sept. 1, 2011, and increased General Revenue by \$2.9 million in the 2012-13 biennium.

## 2011: The 82nd Legislature, First Called Session

The Legislature passed **SB 1**, a fiscal management bill with numerous articles affecting state revenue sources.

Article 2 (effective Sept. 28, 2011) amended *Insurance Premium* tax credits for examination fees and overhead assessments paid directly to the Texas Department of Insurance by certain insurers. Tax credits for payment of these expenses were disallowed for fees paid during calendar 2012 and 2013 and were reflected on the tax reports due in March 2013 and 2014, respectively. The disallowance of these credits was repealed on Jan. 1, 2014, restoring taxpayers' ability to claim premium tax credits for those fees. The article would increase General Revenue funds in fiscal 2013 by \$7.2 million.

Article 3 (effective Oct. 1, 2011) repealed refunds of state sales or franchise taxes paid to certain school property taxpayers in reinvestment zones. The fiscal impact of the repeal in fiscal 2013, and each year thereafter, would be a General Revenue gain of \$6.7 million and a Property Tax Relief Fund gain of \$3.3 million.

Article 9 (effective Oct. 1, 2011) required the remittance in August 2013 of a 25 percent prepayment of *Gasoline* or *Diesel Fuel* tax normally due in September 2013. Taxpayers who submit the prepayment could take an equivalent credit on their report due in September 2013. In addition, the Comptroller's office would delay the July and

August 2013 allocations for motor fuels from the General Revenue Fund to the State Highway Fund until September 2013. The article would increase General Revenue in fiscal 2013 by \$477.9 million and reduce fiscal 2014 revenue by the same amount.

Article 10 (effective Sept. 28, 2011) required businesses paying *Alcoholic Beverage* taxes — the *Mixed Beverage* tax; the excise taxes on beer, liquor, wine and ale; and the *Airline and Passenger Train Beverage* taxes — to make a 25 percent prepayment in August 2013 of tax normally due in September 2013. Taxpayers who submit the prepayment could take an equivalent credit on their report due in September 2013. The article would increase General Revenue in fiscal 2013 by \$17.6 million and reduce fiscal 2014 revenue by the same amount.

Article 11 (effective Oct. 1, 2011) lowered the cigarette distributor stamping allowance to 2.5 percent, from 3 percent, of the face value of *Cigarette* tax stamps purchased. The article would increase General Revenue by \$3.9 million and Property Tax Relief Fund revenue by \$7.2 million in the 2012-13 biennium.

Article 13 (effective Sept. 28, 2011) required all *Sales and Use* taxpayers who file monthly tax reports in August 2013 and who pay the tax due that month by electronic funds transfer to submit a 25 percent prepayment of tax normally due in September 2013. Taxpayers who submit the prepayment could take an equivalent credit on their report due in September 2013. Taxpayers who normally prepay this tax were not affected. The article would increase General Revenue in fiscal 2013 by \$231.2 million and reduce fiscal 2014 revenue by the same amount.

Article 14 (effective Oct. 1, 2011) assessed a \$50 penalty when certain tax reports are filed late, regardless of whether the taxpayer subsequently files the report or whether any taxes or fees were due for the reporting period. Taxes affected by the article include *Sales and Use* tax, *Fireworks* tax, *Franchise* tax, *Hotel Occupancy* tax, *Mixed Beverage* tax, *Motor Fuels* tax, *Motor Vehicle Rental* tax, *Motor Vehicle Seller Financed Sales* tax and the surcharge for off-road, heavy-duty diesel equipment. The penalty also would apply to the *9-1-1 Prepaid Wireless Emergency Service* fee. The article imposed a 5 percent penalty on

*Mixed Beverage* taxpayers and *9-1-1 Prepaid Wireless Emergency Service Fee Payers* for failing to timely pay tax due or to timely file required reports. The article would increase General Revenue by \$13.2 million in the 2012-13 biennium.

Article 31 (effective Sept. 28, 2011) extended the expiration date for the carryforward of unused job creation credits and capital investment credits from Dec. 31, 2012, to Dec. 31, 2016. The article would reduce Property Tax Relief Fund revenue by \$6.8 million in fiscal 2013.

Article 37 (effective Sept. 28, 2011) amended the *Franchise* tax to extend the \$1 million no-tax-due threshold that was to expire Dec. 31, 2011, to Dec. 31, 2013. Beginning 2014, a \$600,000 no-tax-due threshold would take effect. Under existing law, threshold amounts are adjusted on January 1 of each even-numbered year based on changes in the U.S. Consumer Price Index. The article would reduce Property Tax Relief Fund revenue by \$149.9 million in the 2012-13 biennium.

Article 45 (effective Jan. 1, 2012) amended the *Franchise* tax to allow certain qualified live event promotion companies and courier and logistics companies to exclude certain payments from their total revenue, and excluded certain unincorporated political committees from taxation. The article reduced Property Tax Relief Fund revenue by \$2.4 million in the 2012-13 biennium.

Article 51 (effective Jan. 1, 2012) amended the *Franchise* tax to revise the definition of “retail trade” to include certain apparel rental activities, and entities primarily engaged in those activities to use the 0.5 percent tax rate. The article would reduce Property Tax Relief Fund revenue by \$200,000 in the 2012-13 biennium.

## 2013: The 83rd Legislature, Regular Session

The Comptroller’s 2014-15 *Biennial Revenue Estimate* for the 83rd Legislature reflected a more vigorous state economy than had been previously forecast. Better than expected 2012-13 revenue collections due to a rebounding state and national economy and a robust crude oil and natural gas industry increased the 2014-15 beginning balance available for general purpose spending from \$2.6 billion

to \$8.8 billion. In addition to the higher beginning balance, the Comptroller’s office estimated growing General Revenue-related collections would carry into the 2014-15 biennium with a forecast of \$96.2 billion. In total, legislators had \$101.4 billion after subtracting the \$3.6 billion reserved for the Economic Stabilization Fund. This was 12.4 percent more revenue available for general purpose spending than the previous legislature.

Major topics, other than general appropriations, addressed by the 83rd Legislature included funding of additional water resources (\$2 billion), transportation funding (\$1.38 billion) and net tax relief in excess of \$850 million. After certification of appropriations and tax relief, the Comptroller’s office estimated the state would carry a \$2.6 billion positive cash balance beyond 2014-15.

**HB 7** required the Comptroller’s office to assess and collect, from property and casualty insurers, the lesser of the amount appropriated from the Volunteer Fire Department Assistance Fund, or \$30 million. The bill became effective June 14, 2013, and increased General Revenue by \$37.8 million for the 2014-15 biennium.

**HB 78** removed the minimum purchase threshold requirement, previously set at \$1,000 per single transaction, for exemption on the sale of all gold, silver or numismatic coins, or of platinum, gold or silver bullion. The bill became effective Oct. 1, 2013, and reduced General Revenue by \$0.4 million for the 2014-15 biennium.

**HB 500** provided that a taxable entity with total revenue of no more than \$1 million for a report period would continue to have no *Franchise* tax liability for that period. The bill allowed taxable entities the option of determining margin as total revenue less \$1 million. **HB 500** permitted auto repair services and certain rental activities to calculate *Franchise* tax liability using a tax rate of 0.5 percent. The bill provided, for non-EZ filers, a temporary franchise tax rate reduction of 2.5 percent in fiscal 2014 and a certification estimate-contingent 5 percent in fiscal 2015. The bill changed the method for apportioning margin for taxable entities engaged in internet hosting or broadcasting. **HB 500** provided a deduction from apportioned margin for moving expenses to taxable entities that relocate. The bill allowed transferable *Franchise* tax credits for rehabilitation of historic structures. The

bill, becoming effective beginning in fiscal 2014, reduced revenue to the Property Tax Relief Fund by \$482 million for the 2014-15 biennium.

**HB 800** created an optional *Sales and Use* tax exemption for the purchase, lease or rental of depreciable tangible personal property purchased by a person for direct use in qualified research, as defined in Internal Revenue Code (IRC) Section 41. Alternatively, the bill allowed persons engaged in qualified research conducted in Texas to claim a credit for *Franchise* tax instead of the *Sales and Use* tax exemption. Persons wishing to claim the sales tax exemption would be required to file an annual information report with the Comptroller's office. The bill provided an increased amount of *Franchise* tax credit for taxable entities that contract with public or private institutions of higher education for the performance of qualified research. The bill became effective Jan. 1, 2014, and reduced General Revenue by \$213.8 million and Property Tax Relief Fund by \$86 million for the 2014-15 biennium.

**HB 1047** exempted from the *Insurance Premium* tax any premium or service fees retained by a bail bond surety or by a property and casualty agent in connection with the execution or delivery of a bail bond. The bill became effective Sept. 1, 2013, and reduced General Revenue by an indeterminate amount for the 2014-15 biennium.

**HB 1133** allowed cable, internet and telecommunications providers to claim a refund for state *Sales and Use* taxes paid on the purchase, lease or rental of tangible personal property directly used in the distribution of cable television service, internet access, or telecommunications services. The bill prohibited a claim for refund on property used or consumed in providing data processing or information services. **HB 1133** excluded *Sales and Use* taxes imposed by local jurisdictions from the refund program. The bill restricted providers who claim the *Sales and Use* tax refund from claiming special property tax benefits for economic development on that same tangible personal property. The legislation capped the total amount available for refund to all claimants at \$50 million per calendar year. **HB 1133** provided each eligible provider with a pro rata share of the \$50 million if the total of all qualifying refunds exceeded the annual cap. The bill became effective

Sept. 1, 2013, and reduced General Revenue by \$100 million for the 2014-15 biennium.

**HB 1223** exempted certain items used to operate a qualifying data center from state *Sales and Use* tax, for 10 to 15 years following the date of certification, depending on the amount of capital investment made in the center by the owner, operator or occupant. The exemptions require a capital investment of \$200 million or more over a five-year period from the date of certification and creation of at least 20 permanent, full-time qualifying jobs. This bill does not apply to the data centers with agreements to limit property tax appraised values. The bill became effective Sept. 1, 2013, and reduced General Revenue by \$14.6 million for the 2014-15 biennium.

**HB 1712** exempted from *Sales and Use* tax tangible personal property that is used, or intended to be used, solely in an offshore spill response containment system. The bill also exempted services performed on qualifying properties from *Sales and Use* tax. The bill became effective June 14, 2013, and had no significant fiscal effect for the 2014-15 biennium.

**HB 2148** required licensed dealers to collect a \$0.15 per gallon tax on compressed natural gas (CNG) and liquefied natural gas (LNG) at the time of sale. The bill cancelled, effective Aug. 31, 2013, all prepaid liquefied gas decals currently issued to motor vehicles that operate using CNG or LNG and required refunds to decal holders for the unused portion of the decal. The bill required transit authorities that do not maintain a private CNG or LNG storage facility to pay the tax on each gallon delivered into the transit vehicles. **HB 2148** allowed transit authorities with a CNG or LNG refueling facility the option to prepay the CNG and LNG tax for each transit vehicle annually by way of a decal or remit tax on each gallon of CNG or LNG delivered into their vehicles.

The bill allowed qualified transit companies that paid tax on the purchase of CNG or LNG to request a refund of \$0.01 per gasoline gallon equivalent of CNG or diesel gallon equivalent of LNG used in transit vehicles. The bill became effective Sept. 1, 2013, and reduced General Revenue by \$140,000 and \$210,000 for State Highway for the 2014-15 biennium.

**HB 2451** adjusted *Franchise* tax reporting to allow the deduction of the cost of labor, equipment, fuel and materials from total revenue for agricultural aircraft operations. The bill became effective Jan. 1, 2014, and reduced revenue to the Property Tax Relief Fund by \$300,000 for the 2014-15 biennium.

**HB 2913** allowed certain revocable trusts to qualify for the \$10 *Motor Vehicle Sales and Use* gift tax when such trust is the donor or recipient of the motor vehicle. The bill became effective Sept. 1, 2013, and had no significant fiscal effect for the 2014-15 biennium.

**HB 2972** exempted premiums on policies that insure risks or exposures under ocean marine insurance coverage of stored or in-transit baled cotton for export. The bill became effective Jan. 1, 2014, and reduced General Revenue by an indeterminate amount for the 2014-15 biennium.

**HB 3086** provided an option to collect and remit the \$0.20 per gallon *Diesel Fuel* tax on biodiesel, renewable diesel and on the volume of water, fuel ethanol, biodiesel and renewable diesel blended with petroleum diesel for first sellers who are licensed suppliers, permissive suppliers, distributors, blenders or importers. The bill reduced reporting requirements for invoice, storage tank and pump labeling requirements outlined in Comptroller Rule 3.443 for the first seller, blender or importer who elects to use this option. The statute prohibited *Diesel Fuel* tax exemptions on a subsequent sale, and a license holder or other purchaser is not entitled to a refund or credit that subsequent sale. The bill became effective Sept. 1, 2013, and increased General Revenue by \$11.5 million for the 2014-15 biennium.

**HB 3536** imposed a new inflation-indexed fee on cigarettes and cigarette tobacco products manufactured by companies who did not originally participate in the Master Settlement Agreement or Texas Comprehensive Settlement Agreement. The bill allowed an additional 0.5 percent cigarette stamping allowance to distributors for remitting and reporting the new fee (a total of 3 percent of all cigarette stamps purchased when included with the standard 2.5 percent stamping allowance). The bill became effective Sept. 1, 2013, and increased General Revenue by an indeterminate amount for the 2014-15 biennium.

**HB 3572** lowered the *Mixed Beverage Gross Receipts* tax rate from 14 percent to 6.7 percent and imposed an 8.25 percent *Mixed Beverage Sales* tax. The bill became effective Jan. 1, 2014, and had no effect on state revenue for the 2014-15 biennium.

**SB 485** set a new standard formula for determining the dates of the annual Sales Tax Holiday for clothing, footwear, backpacks and school supplies. The bill became effective June 14, 2013, and had no effect on state revenue for the 2014-15 biennium.

**SB 516** and **SB 517** created a Brewer's Self-Distribution Permit (**SB 516**) and a Manufacturer's Self-Distribution License (**SB 517**), and allowed the new permitted and licensed brewers and manufacturers to sell craft ale and beer to retailers. The bills require a \$250 fee for a brewer permit or manufacturers license. The bill became effective Sept. 1, 2013, and had no significant effect on state revenue for the 2014-15 biennium.

**SB 559** became effective June 14, 2013, and repealed a requirement for early payment in August 2013 by certain *Sales and Use* taxpayers, *Mixed Beverage* taxpayers and *Fuels* taxpayers. The early payment requirement was enacted in the 82nd Legislative Session.

**SB 734** allowed captive insurers to obtain a certificate of authority from the Texas Department of Insurance (TDI), and established 0.5 percent as the licensed captive premium tax rate with a minimum *Premium* tax of \$7,500 and a maximum *Premium* tax of \$200,000. The bill imposed the *Premium* tax on all premium receipts for insurance written by the captive, regardless of the location of the risk, and allowed a *Premium* tax credit for examination expenses paid to TDI during the calendar year for which the tax is due. The bill also imposed the *Maintenance* tax on licensed captive insurer based on the location of the risks in Texas, as applicable to the individual lines of business written. The bill exempted captives from payment of the *Office of Public Insurance Counsel (OPIC)* assessment. The bill allowed nonadmitted captives to continue writing coverage for their parent and affiliated companies at a 4.85 percent *Premium* tax rate. The bill became effective June 14, 2013, and reduced General Revenue by \$3.1 million for the 2014-15 biennium.

**SB 748** allowed Fort Worth or another qualified city to create project financing zones to fund a convention center facility, multipurpose arena or venue and related infrastructure, by receiving the incremental increase from state and local *Sales and Use*, *Hotel* and *Mixed Beverage* tax revenue for a period of up to 30 years. This includes revenue from hotels that are built after the zone is designated, but not from an existing convention center hotel. The bill became effective Sept. 1, 2013, and reduced General Revenue by an indeterminate amount for the 2014-15 biennium.

**SB 905** authorized the holder of a distiller's and rectifier's permit to sell distilled spirits to customers for on-premises and off-premises consumption. The bill assessed *Sales* tax on sales of distilled spirits for off-premises consumption and *Mixed Beverage* tax on sales of distilled spirits, including sampling fees, at the distillery. The legislation restricted annual sales of distilled spirits to no more than 3,000 gallons for consumption on the premises and 3,500 gallons for consumption off the premises. The bill became effective Sept. 1, 2013, and increased General Revenue by an indeterminate amount for the 2014-15 biennium.

**SB 1151** exempted snack foods from *Sales and Use* tax, unless they are sold through a vending machine or in individual-sized portions. The bill became effective Sept. 1, 2013, and had no significant effect on state revenue for the 2014-15 biennium.

## 2013: The 83rd Legislature, Third Called Session

The Legislature passed **SJR 1**, a resolution amending the Texas Constitution. The resolution directed up to one-half of the funds previously deposited to the Economic Stabilization Fund — revenue associated with *Crude Oil* and *Natural Gas* severance taxes — to Fund 6, the State Highway Fund. These redirected funds are for the construction and maintenance of public roadways, other than toll roads. **SJR 1** was approved by Texas voters on Nov. 4, 2014.

## 2015: The 84th Legislature, Regular Session

The Comptroller's 2016-17 *Biennial Revenue Estimate*, released in January 2015, presented a forecast of a Texas

economy and state revenue system continuing to expand but at a reduced pace following a rapid rebound from the Great Recession. While not matching the feverish pace of revenue growth seen in 2012-13, collections were nevertheless strong in the following 2014-15 biennium, leading to an amount of General Revenue available for general-purpose spending remaining at the end of the 2014-15 biennium — and available for spending in 2016-17 — estimated to be \$7.5 billion. Reflecting a continuing moderation of economic conditions (including a large drop in the price of oil) and after required setasides for transfer to the Rainy Day Fund, 2016-17 net revenue was forecast to be \$105.4 billion. Adding the \$7.5 billion remaining from 2014-15 to net revenues yielded a total amount available for general-purpose spending by the 84th Legislature of \$113 billion.

Beyond general appropriations, legislative actions on the fiscal front notably included measures addressing the continuing need for enhanced transportation funding (see **SJR 5**) as well as tax relief. This session, tax relief took two primary forms: an increase in the homestead exemption allowed to local property taxpayers and (as detailed below in the **HB 32** discussion) reduction of the *Franchise* tax rates. Following the close of the 84th Regular Session, the Comptroller's 2016-2017 Certification Revenue Estimate projected \$4.1 billion remaining as a cash balance at the end of the 2016-17 biennium.

**HB 7** was one of several bills that focused on multiple fiscal issues. Significantly, **HB 7** repealed the additional \$200 surcharge on selected professional license fees. These fee surcharges were originally added as part of **HB 11**, 72nd Legislature, First Called Session, 1991. Some of the professions paying this \$200 surcharge included dentists, engineers, accountants, architects, psychologists and veterinarians. Physicians had their specific surcharge repealed as well. This portion of **HB 7** was estimated to reduce General Revenue-related funds by \$251.5 million in the 2016-17 biennium.

The bill also repealed the *Attorney Occupation* tax, an assessment originally added (like the \$200 surcharges above) by **HB 11** in 1991. The bill also reduced the Texas Emissions Reduction Plan (TERP) surcharge imposed on the sale, lease or rental of off-road, heavy-duty diesel equipment (a *Sales*

*and Use* tax surcharge) from 2 percent to 1.5 percent. This provision, effective Sept. 1, 2015, was estimated to reduce the TERP Account by \$32.5 million in the 2016-17 biennium.

**HB 32** reduced *Franchise* tax rates, effective for reports originally due on or after Jan. 1, 2016. The bill did not amend or alter the basis upon which businesses owe tax; only the tax rates were changed. Taxable entities that were paying at the 1 percent rate will pay a rate of 0.75 percent of taxable margin for *Franchise* tax. Taxable entities primarily engaged in retail or wholesale trade will pay a *Franchise* tax rate of 0.375 percent of taxable margin; they previously were subject to a 0.5 percent tax rate. Further, the bill increases the revenue threshold for the EZ computation from \$10 million to \$20 million and allows a taxable entity choosing the EZ computation to pay tax at a rate of 0.331 (previously 0.575) percent.

These provisions were estimated to reduce revenue to the Property Tax Relief Fund (PTRF) by \$2,559.9 million for the 2016-17 biennium. The statutory impact would be to the PTRF, which functions to direct funding to public schools. Upon reduction of revenue to the PTRF, however, undedicated General Revenue compensates for the decrease and provides the necessary funding to the Foundation School Account for disbursement to school districts.

**HB 157** allows cities to set their *Municipal Sales and Use* tax rate at any rate that is an increment of one-eighth of 1 percent, as long as the rate would not exceed the maximum 2 percent combined local tax rate provided by law.

The adoption and changes in rates of *Municipal Sales and Use* taxes must be approved by voters. The bill applies to the *Municipal Sales and Use* tax and to city sales and use taxes imposed for street maintenance, venue projects, property tax relief, economic development and crime control and prevention.

**HB 1841** excludes services performed on behalf of an insured by a person licensed under Insurance Code Chapter 4102 (public insurance adjusters) from the definition of insurance services. As a result, insurance services provided by a public insurance adjuster are not subject to *Sales and Use* tax. The bill became effective Oct. 1, 2015. It was estimated this bill would reduce General Revenue by \$2 million during the 2016-17 biennium.

**HB 1905** was another bill enacted by the 84th Legislature that covered a number of fiscal issues. With respect to state taxation, the bill repealed three small taxes entirely: the *Bingo Rental* tax, the *Airline/Passenger Train Beverage* tax and the *Controlled Substances* tax.

The bill repealed the Texas motor fuels tax on *Liquefied Gas* (LG), including liquefied petroleum gas (LPG). Under the bill's provisions, liquefied and compressed natural gas, also taxed at 15 cents per gallon, remained taxable as motor fuels. All prepaid LG decals that had been issued to Texas registered motor vehicles that operate using LG or LPG were canceled effective Aug. 31, 2015.

With regard to the *Hotel Occupancy* tax, the bill clarified that the term "hotel" includes a rental of all or part of a residential property to a person who is not a permanent resident.

Nonprofit entities organized for the sole purpose of exclusively providing emergency medical services (including rescue and ambulance services) were exempted from all state *Motor Fuels* taxes (i.e., gasoline, diesel fuel, compressed or liquefied natural gas). In addition, if the *Motor Fuels* tax is paid, the entity can file a refund claim with the Comptroller's office. Texas municipalities were exempted from the *Motor Fuels* tax on compressed and liquefied natural gas; if the *Motor Fuels* tax is paid, the Texas municipality can file a refund claim with the Comptroller's office. Similarly, certain transit and regional transportation authorities were exempted from the state *Motor Fuels* tax on compressed or liquefied natural gas delivered into the fuel supply tank of a motor vehicle, if such an entity had a prepaid liquefied gas tax decal on Jan. 1, 2015.

The bill amended the definition of "snack items," for the purposes of *Sales and Use* tax, to encompass items such as all manner of breakfast or nutrition-type bars, nuts, popcorn, chips and crackers, ice cream and frozen yogurt, and many frozen juice items. Snack items sold in portions labeled as having not more than one serving or containing less than 2.5 ounces would be taxable, and food products served, prepared or sold for immediate consumption by a restaurant, lunch counter, cafeteria, deli or similar types of businesses would be taxable.

All these provisions were effective Sept. 1, 2015. **HB 1905**, in its entirety, was estimated to reduce net General Revenue-related funds over the 2016-17 biennium by \$0.4 million.

**HB 1915** added the cities of Corpus Christi, Quintana and Surfside Beach as eligible barrier island coastal municipalities (joining the cities of Galveston, Port Aransas and South Padre Island), making them eligible to receive a 2 percent rebate of the state *Hotel Occupancy* tax collected from hotels located in these cities.

The bill also increased the state hotel tax rebate for Port Aransas from 1 percent to 2 percent. This bill was effective Oct. 1, 2015. The reduction in General Revenue-related funds during the 2016-17 biennium was estimated to be \$8.2 million.

**HB 1964** amends the *Municipal Hotel Occupancy* tax to add the cities of El Paso, Frisco and Nacogdoches as eligible central municipalities. An eligible central municipality is entitled to receive a rebate of certain tax proceeds that are paid or collected by a qualified hotel project and businesses ancillary to the hotel project. Included in the rebates are state and local *Sales and Use* and *Hotel Occupancy* taxes, *Ad Valorem* tax and local *Mixed Beverage* taxes. The cities can receive the tax rebates for 10 years after the hotel initially opens.

The bill also authorizes the cities of Odessa, Round Rock and Tyler to receive the same tax rebates that an eligible central municipality can receive for a qualified hotel project. The rebated taxes may be pledged as payment for obligations issued for the hotel project. The bill was effective May 29, 2015, and its provisions were expected to reduce General Revenue-related funds by \$0.2 million over the 2016-17 budget period; somewhat larger implications were projected in 2018 and beyond.

**HB 2313** exempted the sale of tangible personal property through a vending machine from *Sales and Use* tax if the sale is made by a 501(c)(3) nonprofit organization, the machine is owned by the nonprofit organization, and the machine is stocked and maintained by individuals with special needs as part of an independent life skills and education program operated by the nonprofit organization. The bill was effective Sept. 1, 2015, and was estimated to have no significant effect on state revenue.

**HB 2358** exempted out-of-state businesses entering Texas at the request of an in-state business and, under a mutual assistance agreement, from Texas licensing and registration requirements, when their business in Texas is limited to performing disaster or emergency-related work for the repair or replacement of critical infrastructure during a disaster response period. The out-of-state business entity would not be required to register with the Secretary of State or to file or pay any state or local taxes, including *Sales and Use* and *Franchise* taxes, when performing disaster or emergency-related work during a disaster response period. Further, and with regard to *Sales and Use* tax, the bill does not provide an exemption for taxable items sold by an out-of-state business, and purchasers would be responsible for tax on any items purchased. The bill was effective June 16, 2015, and was estimated to have no significant effect on state revenue.

**HB 2400** amended the *Motor Vehicle Sales and Use* tax to exempt the sale of a new motor vehicle when the purchaser is a manufacturer or distributor (as defined) who acquires the motor vehicle to exclusively resell the vehicle, to test the vehicle on a public street or highway or to loan it to a consumer when the consumer's vehicle is being repaired under a manufacturer's warranty. The bill was effective Sept. 1, 2015, was estimated to have an indeterminate effect on state revenue.

**HB 2424** allowed an insurance company up to four years after the date an assessment payment was made to submit a request to the Automobile Burglary and Theft Prevention Authority for a refund of the Authority's theft prevention fee. The bill was effective Sept. 1, 2015, and expires Sept. 1, 2017. No significant fiscal implication to the state was expected.

**HB 2507** exempted tangible personal property sold to licensed digital audio broadcasting stations from *Sales and Use* tax, if the property is necessary to provide digital audio broadcast service that meets federal standards. The bill was effective Sept. 1, 2015, and was estimated to reduce 2016-17 General Revenue by \$0.1 million.

**HB 2712** exempted certain items necessary for operating a qualifying large data center project from *Sales and Use* tax (to a degree already exempted under Tax Code Section

151.359; enacted by 83rd Legislature). An owner, operator or occupant of a large data center (comprising at least 250,000 square feet), and meeting other standards relating to location and use, can apply to the Comptroller's office for certification as a qualifying large data center project.

For certification, a qualifying owner, operator or occupant must agree to make a capital investment of \$500 million or more over a five-year period, create at least 40 permanent, full-time jobs and contract for at least 20 megawatts of transmission capacity for operating the large data center.

Owners, occupants and operators of certified data centers can claim an exemption on qualified purchases for 20 years following the date of certification. A large data center's certification can be revoked if the owner, operator or occupant fails to make the amount of capital investment or create the number of jobs required within the initial five-year period. If the certification is revoked, tax will be due on tax-free purchases made before the revocation.

Data centers with agreements to limit the appraised value of property for property tax under Tax Code, Chapter 313 would not qualify for this exemption. This bill became effective June 10, 2015. No significant fiscal impact was expected for the first several state budget periods following the effective date, including 2016-17; some additional reduction of sales tax revenue, with respect to amounts already exempted under Tax Code, Section 151.359, would occur following the 15th year after certification.

**HB 2896** provided that a broadcaster (as defined) apportion to Texas, for *Franchise* tax purposes, receipts from licensing income from broadcasting or otherwise distributing film programming only when Texas is the legal domicile of the broadcaster's customer. The bill was effective for reports originally due on or after Jan. 1, 2018. As such, there was no fiscal impact expected during the 2016-17 period; a reduction in Property Tax Relief Fund revenue of approximately \$3 million annually was estimated beginning in fiscal 2018.

**HB 3230** amended the *Franchise* tax credit for eligible costs and expenses related to certified rehabilitation of certified historic structures to allow nonprofits to earn credit for eligible costs and expenses. Under current law, such credits

can be sold by the earning business to another business. This bill was effective for reports originally due on or after Jan. 1, 2016, and is expected to have no significant implications to state revenue.

**SJR 5**, a resolution to amend the Texas Constitution, directed up to \$2.5 billion annually, from state *Sales and Use* tax revenue collections in excess of \$28 billion each year and beginning in fiscal 2018, be transferred to Fund 6, the State Highway Fund. In addition, the resolution directed 35 percent of the portion of each year's state *Motor Vehicle Sales and Use* and *Motor Vehicle Rental* tax revenues exceeding \$5 billion per year be transferred to the State Highway Fund. This second provision would become effective in fiscal 2020. All transferred funds are for the construction and maintenance of public roadways, other than toll roads, or for paying the interest and principal of certain general obligation bonds sold for highway purposes by the Texas Transportation Commission. The provisions of **SJR 5** expire (the *Motor Vehicle Sales and Use* and *Motor Vehicle Rental* tax revenue provision first at the close of fiscal 2029), but may be extended by the Legislature. **SJR 5** was approved by Texas voters on Nov. 3, 2015, and became effective at the time of final election results.

**SB 31** allowed volunteer firefighter departments and volunteer firefighter departments providing emergency services that qualify to hold 10 *Sales and Use* tax-free sales or auctions during a calendar year. These qualifying organizations do not have to collect *Mixed Beverage Sales* tax on sales of alcoholic beverages during these sales or auctions, but must remit *Mixed Beverage Gross Receipts* tax. The organizations must have a temporary mixed beverage permit from the Texas Alcoholic Beverage Commission to sell mixed drinks. The bill was effective May 28, 2015, and no significant fiscal impact to the state was expected.

**SB 100** removed the cap placed on capital investments for qualified enterprise projects. An enterprise project can qualify for a *Sales and Use* tax refund based on their capital investment. The bill removes the cap of \$149,999,999 placed on capital investment that results in a refund of \$2,500 per job. Enterprise projects that have capital investments of \$150 million or more will receive refunds for new

permanent jobs. The refund per job has been changed to capture only new permanent jobs.

The bill adds the definition of a half enterprise project and provides that the maximum sales tax refund a half enterprise project may receive is \$125,000. The bill was effective Sept. 1, 2015, and no significant fiscal impact to the state was expected.

**SB 140** amends the portion of the *Sales and Use* tax statute that specifically addresses agricultural items to provide an exemption for telecommunications services exclusively provided or used for navigating machinery and equipment exclusively used on a farm or ranch for the following purposes: building or maintaining roads, building or maintaining water facilities, or producing agricultural products to be sold in the regular course of business. The bill was effective Sept. 1, 2015, and was expected to reduce General Revenue-related funds over the 2016-17 biennium by \$0.1 million.

**SB 449** defined an “autocycle” as a motor vehicle (other than a tractor) that is designed to have not more than three wheels on the ground when propelled; equipped with a steering wheel; equipped with seating that does not require the operator to straddle or sit astride the seat; and manufactured and certified to comply with federal safety requirements for a motorcycle. The sale of an autocycle would be subject to *Motor Vehicle Sales and Use* tax in the same manner as the sale of a street-legal motorcycle. The bill was effective May 22, 2015, and no fiscal implications to the state were expected.

**SB 724** exempted from *Motor Vehicle Sales and Use* tax the purchase of a motor vehicle operated with exempt license plates (Transportation Code, Section 502.451) and used by a public agency or a commercial transportation company to provide transportation services under a contract with one of the following: a board of county school trustees or school district board of trustees under Education Code Section 34.008; or the governing body of an open-enrollment charter school. The bill was effective June 17, 2015. It was estimated that the bill would reduce General Revenue by \$4.0 million during the 2016-17 biennium.

**SB 752** repealed Tax Code, Chapter 211: *Inheritance* taxes. This repeal did not affect any *Inheritance* tax liability

accruing before Sept. 1, 2015. The bill was effective Sept. 1, 2015. With regard to fiscal implications, at the time of repeal, revenue had become negligible over the preceding decade.

**SB 755** expanded, under the *Sales and Use* tax statute, the definition of “sale for resale” to include a sale of a computer program to a provider of internet hosting services who sells a license to use the program to an unrelated user of internet hosting services, provided that the reseller does not retain a right to use the program under that license. A sale for resale is exempt from *Sales and Use* tax. The bill was effective June 10, 2015. Estimated loss of state *Sales and Use* tax revenue was projected to be \$3 million during the 2016-17 biennium.

**SB 757** repealed the *Crude Oil Regulatory* tax starting with the production month of September 2015. Taxpayers would still be required to pay the *Oil Field Cleanup* fee of \$0.00625 per barrel starting with production on or after Sept. 1, 2015. The bill also repeals the *Sulphur Production* tax and adds language to the *Sales and Use* tax statute to retain the exemption for sulphur from that tax. Both repeals were effective Sept. 1, 2015, and no net fiscal implications were expected.

**SB 761** repealed the 2 percent *Fireworks* tax that had been imposed under Tax Code, Chapter 161. Fireworks will continue to be subject to *Sales and Use* tax. The repealed tax, which provided funding to the Volunteer Fire Department Insurance Account (an account in the General Revenue Fund), will be replaced by an allocation from overall state *Sales and Use* collections in an amount equal to the amount of revenue that would be generated by a 2 percent tax on fireworks sold at retail in Texas (if such a tax were extant). The bill was effective Sept. 1, 2015. This repeal is estimated to have reduced state revenue by \$2.93 million during the 2016-17 biennium. The Volunteer Fire Department Insurance Account will be reimbursed by the aforementioned allocation of state sales tax revenue — an allocation that will reduce funds available for general-purpose spending in 2016-17 by the same \$2.93 million.

**SB 853** provided that an electronically filed sales tax permit application complies with the signature requirement

under the *Sales and Use* tax portion of the Tax Code. The bill was effective June 1, 2015.

**SB 904** added a *Sales and Use* tax exemption for certain emergency preparation items. The exemption would apply once annually for sales taking place during a three-day period beginning on the Saturday before the last Monday in April and ending on the last Monday in April. Items that qualify for the exemption include certain portable generators, hurricane shutters, ladders, portable self-powered light sources, fuel containers, radios, batteries, smoke detectors, fire extinguishers and first aid kits. The bill was effective Sept. 1, 2015. The reduction in General Revenue was estimated to be \$2.3 million over the 2016-17 budget period.

**SB 1049** exempted new veteran-owned businesses from *Franchise* tax for the first five years of a qualifying business's operations. The bill defined a new veteran-owned business. Provisions apply to businesses formed on or after Jan. 1, 2016, and before Jan. 1, 2020. The bill was effective Jan. 1, 2016; it was expected to result in a reduction of revenue to the Property Tax Relief Fund of \$0.5 million over 2016-17 and losses of between \$1 million and \$2 million in each of the next several years.

**SB 1356** provides a *Sales and Use* tax exemption for certain water-conserving products and for products with a "WaterSense" label from the U.S. Environmental Protection Agency. This exemption would be in force for a limited number of days annually, specifically a three-day period coinciding with the Memorial Day weekend. The bill was effective Oct. 1, 2015, and was expected to reduce General Revenue over the 2016-17 biennium by \$7.7 million.

**SB 1396** amended the *Sales and Use* tax statute to make several changes to the way aircraft are taxed. The bill defined "certificated or licensed carriers" as carriers authorized under various parts of the Federal Aviation Regulations. The bill provided that the exemption for aircraft under Tax Code, Section 151.328(a)(1) applies regardless of whether the aircraft is acquired by purchase, lease or rental. The bill added a unique "sale for resale" definition for purchases of aircraft. A sale for resale would now include a sale to a purchaser for the purpose of leasing, renting or reselling the aircraft to another person. The sale for resale would not have to be for the sole purpose of leasing or renting, provid-

ed that more than 50 percent of the departures are under the operational control of a lessee. Operational control would be defined by Federal Aviation Regulations.

Liability for *Sales and Use* tax on divergent use does not apply to aircraft purchased under the sale for resale exemption. Use tax does not apply to aircraft brought into Texas for the sole purpose of being completed, repaired, remodeled or restored. There is also no presumption of taxable use when an aircraft is brought into Texas if the aircraft was not purchased directly from a seller. The bill provides that tax is not due on certain aircraft after out-of-state use. Specifically, the bill exempts from use tax any aircraft purchased outside of the state that is predominantly used outside of Texas for more than a year before being brought into Texas. An aircraft is predominantly used outside of Texas if more than half of its departures are from locations outside of Texas.

For transactions involving aircraft, transactions between related persons are taxable or not taxable to the same extent as transactions between unrelated persons. When a person pays tax on the purchase of an aircraft, use by a related entity is not also subject to tax. Use by a related entity of a purchaser is not taxable if tax was paid by the purchaser or, if subject to certain exceptions, the purchase was exempt. The use of an aircraft by a fractional owner of the aircraft is not a taxable transaction. The bill added Tax Code, Chapter 163, Sales and Use Taxation of Aircraft, which serves to clarify what transactions are subject to *Sales and Use* taxation under Chapter 151, and which transactions are not. The bill was effective Sept. 1, 2015. No significant fiscal implications were expected.

**SB 1563** exempted the property, revenue and income of each nonprofit corporation created by TexAmericas Center from all taxes imposed by the state and political subdivisions of Texas. The bill was effective June 16, 2015; no fiscal implications to the state were anticipated.

## 2017: The 85th Legislature, Regular Session

As calendar year 2017 began, the economic expansion was continuing unabated. The state's unemployment rate had dropped from a recession-high 8.3 percent to 4.8 per-

cent, and a recent sharp slide in oil prices had bottomed and prices had recovered to approximately \$50 per barrel. The Comptroller's 2018-19 *Biennial Revenue Estimate* projected funds available for general-purpose spending in 2018-19 to be \$104.9 billion — 2.7 percent less than in the preceding biennium. While gross revenue collections were projected to increase somewhat in 2018-19, two major factors affecting the revenue estimate worked in the opposite direction: a substantially decreased ending balance to be carried into the upcoming biennium and a new constitutional provision directing an estimated \$4.7 billion in sales tax to the state highway fund. Relatively few changes to state taxes or fees with significant fiscal implications were enacted by the 85th Legislature.

**HB 897** expanded the exemption from the *Motor Vehicle Sales and Use* tax authorized for a church or religious society to include the purchase or use of trailers (previously only certain motorized vehicles were exempt), and to exempt all uses and purchases, not only those related to transportation to and from church services. The bill also exempted a motor vehicle (including a trailer) purchased or used by an open enrollment charter school from the *Motor Vehicle Sales and Use* tax and *Motor Vehicle Registration* fees. The bill was effective Sept. 1, 2017; it was estimated to reduce General Revenue-related funds by an indeterminate amount in the 2018-19 biennium.

**HB 1003** allowed an entity not subject to paying *Franchise* tax (in this bill, certain public universities) — but incurring expenses related to rehabilitating a certified historic structure — to accrue *Franchise* tax credits related to that effort; subsequently, the credits could be sold to another entity. This provision of the bill was set to be effective until Jan. 1, 2022, and was expected to reduce General Revenue over the 2018-19 biennium by \$2 million, with an additional loss of \$2 million over the same period to the Property Tax Relief Fund. The bill also made numerous changes to the Government Code with respect to authorized investments of public funds; those changes applied to investments made on or after the bill's effective date of June 14, 2017.

**HB 1944** authorized captive insurance companies to organize as captive exchanges subject to *Insurance Premiums* taxes in the same manner as other captive insurance

companies. The bill was effective June 15, 2017, and no significant fiscal implication to the state was anticipated.

**HB 2445** amended the *Municipal and County Hotel Occupancy* taxes, as well as the Local Government Code, in an omnibus hotel, convention and tourism-related bill. Additional municipalities were authorized to receive rebates of certain taxes paid or collected by a qualified hotel project and businesses ancillary to the hotel project. Eligible for rebate are state *Sales and Use* and *Hotel Occupancy* taxes; also eligible for rebate are local *Ad Valorem, Sales and Use, Hotel Occupancy* and *Mixed Beverage* taxes. The cities can receive the tax rebates for 10 years after the hotel initially opens. Among other provisions, the bill also allowed certain municipalities to use their hotel tax revenue for sports facilities and fields, and allowed a county with no municipalities that owns an airport to use its hotel tax revenue for repairs and improvements to the airport for 10 years, with restrictions. The bill became effective June 15, 2017. It was estimated that the bill would result in a loss to General Revenue of \$801,000 during the 2018-19 biennium, followed by an estimated loss to General Revenue of approximately \$11 million during the succeeding 2020-21 biennium.

**HB 2492** allowed insurance companies to apply for designation as a domestic surplus lines insurer. The policies issued by these companies would be subject to *Insurance Premiums* tax on surplus lines (at a tax rate of 4.85 percent of taxable premiums, during fiscal year 2018), as well as any applicable *Insurance Maintenance* tax. The bill was effective Jan. 1, 2018; no significant impact on the state was anticipated.

**HB 3101** allowed the sale of alcoholic beverages on certain passenger buses. The preparation and sales of the alcoholic beverages by the holder of a passenger bus beverage permit (\$500 annually, as authorized by this bill) would be exempt from taxes imposed under the Alcoholic Beverage Code and *Sales and Use* taxes. A wholesaler's permit holder could sell liquor to a qualifying passenger bus company tax-free as a sale for resale and would not be required to obtain a resale certificate. The bill was effective May 29, 2017; there would be an indeterminate fiscal impact during the 2018-19 biennium.

**HB 3496** exempted certain farm mutual insurance companies from the *Insurance Premiums* taxes and made farm

mutual insurance companies exempt from *Insurance Maintenance* tax and Texas Windstorm Insurance Association Guaranty Association assessments. Farm mutual companies would be exempt, unless a “fronting insurer.” An insurer is a “fronting insurer” if it cedes 85 percent or more of its direct written premium to one or more nonaffiliated insurers, or issues a policy in certain other circumstances. The bill was effective Sept. 1, 2017; no significant fiscal implication to the state was anticipated.

**HB 3992** exempted from the *Franchise* tax certain cooperatives whose single member is a farmer’s cooperative, as described in Section 521(b)(1) of the IRS Code, and has at least 500 farmer-fruit grower members. The bill was effective June 15, 2017, and no significant fiscal implication was expected.

**HB 4038** amended the *Sales and Use* tax to expand the definition of “qualifying job,” for purposes of certification as a qualifying data center, to include a new employment position staffed by a third-party employer if there is a written contract stating the new position is permanently assigned to an associated qualifying data center. The bill was effective June 1, 2017; no significant fiscal implication to the state or units of local government was anticipated. The new provisions applied to a data center regardless of whether its certification occurred before the bill’s effective date.

**HB 4054** exempted all sales of bakery items by bakeries from *Sales and Use* tax, regardless of whether the items are heated or accompanied with plates or utensils. Sales of bakery items not made by bakeries would continue to be exempt only if an item is not heated and plates or utensils not provided. “Bakery” was defined as a retail location that primarily sells bakery items from a display case or counter, predominantly for eating off the premises. The bill was effective Sept. 1, 2017; no significant fiscal implication to the state or units of local government was anticipated.

**SB 1** was the General Appropriations Act for the 2018–19 biennium. One provision required the Comptroller’s office to establish a tax amnesty program to encourage voluntary reporting by delinquent taxpayers not having a Texas *Sales and Use* Tax Permit, or not registered for a tax or fee administered by the Comptroller’s office, and reporting by permitted taxpayers who may have underreported or owed

additional taxes or fees. The amnesty program provided a waiver of penalty and interest, but did not apply to an established tax liability or to taxpayers already being audited. The amnesty, which took place May 1 through June 29, 2018, brought in total state revenue of \$51.1 million; an additional \$12.4 million was collected in local sales tax.

**SB 550** amended the *Franchise* tax and the Insurance Code to allow entities — insurance companies subject to certain *Insurance Premiums* taxes (and, as such, not subject to the *Franchise* tax) — that have purchased or been assigned a *Franchise* tax credit related to the rehabilitation of certified historic structures to claim all or part of the credit against their premium tax liability. The provisions related to the credit apply to these insurers to the same extent they apply to entities subject to *Franchise* tax. The bill was effective May 4, 2017; no significant fiscal implication to the state was anticipated.

**SB 745** amended the *Sales and Use* tax to transfer the exclusion from tax for services performed by employees to an exemption from tax. The bill specifies when services performed by an employee of a temporary employment service for a host employer are exempt from *Sales and Use* tax. To qualify for the exemption, the host employer must meet several conditions, including the provision all equipment and supplies, and has the sole right to supervise, direct and control the work performed by the temporary employee. The bill was effective Sept. 1, 2017. The extent to which future tax revenue might decline, pursuant to evolving litigation surrounding this general *Sales and Use* tax issue, was unknown at the time this bill was passed. However, it was thought at time of passage, that the clarification of statutory language provided the bill could possibly prevent future *Sales and Use* tax revenue losses.

**SB 1083** exempted from *Sales and Use* tax insurance services if those services are performed by a certified public accountancy (CPA) firm, an owner of the firm or a member of the firm’s affiliated group; and if less than 1 percent of the firm’s, owner of the firm’s or member’s total revenue in the previous calendar year is from insurance services provided in Texas. The bill was effective Jan. 1, 2018. No significant fiscal implications to the state or units of local government were anticipated.

**SB 1120** amended the *Motor Fuels Taxes* chapter of the Tax Code to add compressed natural gas and liquefied natural gas to the list of motor fuels that are exempt from local or county excise or occupation taxes. The bill was effective May 10, 2017. No fiscal implication to the state was anticipated.

**SB 1390** amended several statutes, including changes to the *Cigarette* and the *Cigar and Tobacco Products* taxes. The changes were varied and included: exempting cigarettes purchased exclusively for research purposes from *Cigarette* tax and stamping requirements; changed the due date from the last day of the month to the 25th day of the month for both cigarette and tobacco product monthly distributor reports; set the Non-Settling Manufacturer fee rate to begin Feb. 1 and remain in effect through Jan. 31 of the following year; and removed language that ties the additional stamping allowance to participation in the Cigarette Tax Recovery Trust Fund. The bill became effective Sept. 1, 2017, and was estimated to have a positive impact on state General Revenue of \$11,974,000 and positive \$1,149,000 on the Property Tax Relief Fund in the 2018-19 biennium. It was estimated that exactly offsetting negative implications would occur with respect to both funds during the following 2020-21 biennium; no implications were expected in 2022 or beyond.

**SB 1557** amended the *Motor Fuels Taxes* chapter of the Tax Code and addressed three major areas: tax-free fuel sold to an unlicensed purchaser, the exporting of fuel and the Petroleum Product Delivery Fee. *Motor Fuels* tax would be imposed on the sale of tax-free fuel sold to an unlicensed purchaser. The person who sold the fuel to an unlicensed purchaser would be required to collect and remit the tax to the Comptroller's office. The bill created an additional reporting requirement for gasoline or diesel fuel purchased tax-free for export that is subsequently sold in Texas prior to export. The bill provided penalties for persons claiming an export exemption who do not report the subsequent sale or who redirect the delivery within Texas. With respect to the Petroleum Product Delivery Fee (PPDF), suppliers would be required to collect and remit the PPDF — not the bulk facility operator. The bill defined “supplier” as it relates to the PPDF and stipulated that the person who directed the delivery of the product will pay

the PPDF in some circumstances. The bill became effective Jan. 1, 2018; the revenue effect was estimated to be positive but indeterminate.

**SB 2087** amended the *Insurance Premiums* taxes to create a health insurance risk pool to provide low-cost insurance to the public, if federal funds were to become available. The risk pool would be exempt from all Texas state taxes, in the event the pool became operative. The bill was effective June 12, 2017. There was no anticipated impact to state General Revenue. There was an estimated 2018-19 cost to the Premium Stabilization Fund of \$42.7 million.

## 2019: The 86th Legislature, Regular Session

Texas began 2019 with a steady strong economy and an unemployment rate of 3.7 percent. In delivering the *Biennial Revenue Estimate* at the beginning of the 86th Legislative session, the Comptroller's office forecasted an 8.1 percent increase in state revenue available for general-purpose spending, for a total of \$119.1 billion. The Texas Legislature made progress on key issues that were identified as important to the future of our growing state.

School finance and property taxes dominated the regular session, as lawmakers boosted public education funding and worked to rein in the growth of property tax bills. The Comptroller's office received more flexibility in overseeing the Economic Stabilization Fund by allowing a larger portion of the fund to be put into investments that will yield bigger returns for the state. Lawmakers bolstered the Teacher Retirement System and TRS-Care, its health care program; ensured that the funds would be available to meet the commitments under the Texas Tomorrow Fund college savings plan; and gave the authority for the Comptroller's office to set a uniform *Sales and Use* tax rate for out-of-state sellers on the internet, allowing proper implementation of the U.S. Supreme Court's decision in the *Wayfair* case.

The Comptroller's office published the Certification Revenue Estimate (CRE) in October 2019, which, after accounting for statutory transfers, balances on hand at the close of the 2018-19 biennium and expected revenue collections and adjustments left the state a total of \$121.76 billion

in General Revenue-related funds available for the 2020-21 biennium. This revenue supports general-purpose spending of \$118.86 billion for the 2020-21 biennium.

The estimate can be revised when economic situations warrant, however, and no time warranted it more than the first two quarters of 2020. The coronavirus pandemic affected virtually every aspect of the global economy, disrupting manufacturing supply chains and hobbling service industries, resulting in record unemployment and major losses of taxable revenues. The pandemic, combined with a collapse in oil prices, resulted in a severe contraction in the Texas economy. With the loss of more than 1.4 million jobs in March and April 2020, the state's unemployment rate jumped to 13.5 percent, the highest ever recorded. As a result, state revenue collections fell sharply, warranting an update to the CRE. The July 2020 revised estimate projected the state would have \$110.19 billion available for general-purpose spending in the 2020-21 biennium. This was 0.8 percent less than in 2018-19 and down \$11.57 billion, or 9.5 percent, from the October 2019 estimate.

**HB 791** added the definition of a volunteer fire department to a fire department operated by its members who are composed of at least 50 percent volunteer firefighters. Previously for a volunteer fire department to qualify for a refund of the *Motor Fuels* tax, the department must be made up completely of volunteers.

**HB 1525** defined a marketplace as a physical or electronic medium through which persons other than the owner or operator of the medium make sales of taxable items. This term includes a store, internet website, software application or catalog. The bill defined a marketplace provider as a person who owns or operates a marketplace and processes sales or payments for marketplace sellers. The bill goes on to define a marketplace seller as a seller, other than the marketplace provider, who makes a sale of taxable items through a marketplace. The bill specified that a marketplace provider is the seller of the items sold on their marketplace platforms. The bill required a marketplace provider to certify that each individual selling taxable items through the marketplace assumes the statutory rights and duties of a seller or retailer. A marketplace provider is required to collect, report and remit taxes to the Comptrol-

ler's office on all sales of taxable items made through the marketplace. Local *Sales and Use* taxes on taxable items sold through a marketplace are due based on the location where the items are delivered.

**HB 1543** required purchasers of off-highway all-terrain vehicles, motorcycles and utility vehicles to present to the county tax assessor-collector's office acceptable documentation that shows use tax has been paid when an application for title is presented. The bill also requires manufacturers licensed under the Sale or Lease of Motor Vehicles chapter of the Texas Occupations Code to file a report with the Comptroller's office indicating new off-highway vehicles purchased out of state and warrantied in Texas.

**HB 1545** removed the distinction between beer, ale and malt liquor and instead used the term malt beverages and set tax rates at the excise tax rate for beer of \$6 per barrel. The bill also amended the Alcoholic Beverage Code to replace permit and license fees set by statute with a requirement for Texas Alcoholic Beverage Commission to set certificate issuance, license and permit fees by rule.

**HB 1607** allowed certain taxable entities in the aerospace industry to deduct costs properly allocated and incurred under the Federal Acquisition Regulation for the sale of goods or services to the federal government that the taxable entity has not already subtracted under either the cost of goods sold or compensation deduction when determining margin. The deduction of these costs will be phased in over a five-year period.

**HB 1965** exempted the sale of amusement services from *Sales and Use* tax if the services are exclusively provided by certain governmental and nonprofit entities. The bill allows those entities to contract with another organization to provide touring theatrical productions that qualify for the exemption. A theatrical production is defined as a live staged play, musical play, opera or ballet. To qualify for the exemption, the entity providing the production must enter into a contract with an eligible organization to provide a least five productions a year for a term of at least five years. The productions must be held at a location either owned by or leased or licensed to the eligible organization for at least one year.

**HB 2048** repealed the Driver Responsibility Program and eliminated the surcharges assessed on drivers convicted of certain driving offenses. The bill forgave surcharges assessed on or before the effective date of the bill and reinstated any driver license suspended only because of a failure to pay the surcharge. The bill also increased the fee that motor vehicle insurance companies pay per motor vehicle year to the Automobile Burglary and Theft Prevention Authority to \$4 per motor vehicle year, and allocated the fee to the authority, the general revenue fund, and medical facilities providing trauma and emergency medical services to victims of accidents resulting from traffic offenses. This bill took effect Sept. 1, 2019, with an estimated loss of \$7.3 million to General Revenue in fiscal 2020.

**HB 2153** was passed in response to the U.S. Supreme Court's decision on *South Dakota v. Wayfair*. Remote sellers who were previously not required to collect and remit *Sales and Use* tax began collecting Texas tax on their sales into Texas. The bill amended Tax Code to provide for a single local use tax rate in lieu of combined local use tax rates applicable to sales of taxable items by certain remote sellers. The bill requires a remote seller who elects to use the single local use tax rate to notify the Comptroller's office of the election before using the rate, and the rate would apply to all taxable sales of the remote seller. The single local use tax rate effective in a calendar year would be the estimated average rate of local *Sales and Use* taxes imposed during the preceding state fiscal year. The bill also provided that the single local use tax rate will be 1.75 percent for the period of Oct. 1, 2019, to Dec. 31, 2019, and required the Comptroller's office to compute the single local use tax rate and publish it in the *Texas Register* prior to the beginning of each calendar year. The bill allows a purchaser to annually apply for a refund of the excess when payment of tax based on the single local use tax rate exceeds the amount of tax that would have been paid had tax been paid based on the combined rate of otherwise applicable local taxes.

**HB 2256** authorized the Comptroller's office to enter into an agreement with a taxpayer to perform a managed audit of a natural gas tax return. The bill permits a computation of an overpayment using a sampling of marketing

cost transactions if the Comptroller's office approves the taxpayer's sampling method. The taxpayer would be entitled to a refund or credit of any tax overpayment and waived of associated penalty and interest as a result of a managed audit. The bill also provides the Comptroller's office with rulemaking authority to specify additional procedures relating to claiming a credit.

**HB 2263** provided an exemption for gross receipts received from the sale of electricity to a public school district customer.

**HB 2338** modified the definition of "motor vehicle used for religious purposes" to mean a motor vehicle used by a church or religious society and not used primarily for the personal or official needs or duties of a minister. A motor vehicle used for religious purposes is not limited to a certain number of passengers and can be a trailer.

**HB 2358** allowed a retailer to directly or indirectly advertise, hold out or state to a customer or to the public that the retailer will pay the *Sales and Use* tax for the customer, provided that the retailer indicates in the advertisement that the retailer is paying the tax for the customer, the retailer does not indicate or imply in the advertisement that the sale is exempt or excluded from taxation or any purchaser's receipt or other statement given to the customer listing the sales price paid or to be paid by the customer separately states the amount of the tax and indicates that the tax will be paid by the retailer. A retailer that advertises, holds out or states to a customer or to the public that the retailer will pay the tax is presumed to have received or collected the *Sales and Use* tax imposed on the sale of a taxable item, will hold the tax received or collected in trust for the state and is liable for the amount of tax received or collected.

**HB 2587** provided regulatory guidance regarding the business of travel insurance, which includes a definition of travel insurance. The bill provides that only travel insurance is subject to *Premium* tax and not other related services sold with the travel insurance.

**HB 2675** repealed the provisions providing for the suspension of the collection of oil-field cleanup regulatory fees when the balance of the fund exceeds a specified amount.

**HB 2684** exempted the sale of a taxable item from *Sales and Use* tax if the seller is a 501(c)(3) nonprofit organiza-

tion, the sale takes place at a county fair and the purchaser is a person attending or participating in the fair.

**HB 3006** required *Mixed Beverage* sales tax returns and payments to be filed monthly, no later than the 20th day of each month. Taxpayers can no longer file quarterly *Mixed Beverage* sales tax returns. The bill also provided that *Mixed Beverage* sales tax returns are public information.

**HB 3086** clarified the existing *Sales and Use* tax exemption for certain items used in the production of motion picture, video and audio master recording. Items that are necessary and essential to or that become a component of a master recording are exempt from *Sales and Use* tax if a copy of the master recording is sold, offered for ultimate sale, licensed, distributed, broadcast or otherwise exhibited for consideration. The bill defined a master recording as the principal media on which images, sound or a combination of images and sound were first fixed and from which copies were commercially made available.

**HB 3386** provided an exemption from *Sales and Use* tax for certain amusement services, which are exclusively provided under that section if provided at a specified multipurpose arena or venue located within or adjacent to a recognized cultural district.

**HB 3475** amended the Tax Code to revise and update statutory provisions relating to the administration, collection and remittance of the *Cigars and Tobacco Products* tax. The bill, among other provisions, makes a permitted distributor who makes a first sale to a permitted distributor in Texas liable for the tax and requires the distributor making the sale to pay the tax; expands what constitutes a first sale; excepts raw tobacco sold to a permitted manufacturer in Texas for the purpose of using the tobacco in manufacturing from taxation; classifies an e-cigarette as a tobacco product; provides for the permitting of a tobacco product export warehouse and prohibits a person from engaging in business as such unless the person has applied for and received that permit; and provides the manner in which tobacco products may be sold or distributed by and between applicable permit holders. The bill also made it an offense for a person acting as a tobacco product export warehouse without having a valid permit to store, distribute or deliver tobacco products on which taxes have not been paid. The bill made the offense

of nonpayment of tax regarding knowingly consuming, using or smoking tobacco products without the tax being paid applicable without regard to the amount of tax due on the products. The bill provided for the combination of the offenses involving the possession of tobacco products, in violation of applicable state law, on which a tax is required to be paid of more than \$50 and of \$50 or less into a single offense.

**HB 3745** extended the expiration of the sources for the Texas Emissions Reduction Plan from Aug. 31, 2019, to the last day of the fiscal biennium in which the state attains compliance with federal ambient air quality standards for ground-level ozone. The bill established the Texas Emissions Reduction Plan Fund as a fund held by the Comptroller's office outside the treasury.

**HB 3954** expanded the definition of the bulk transfer/terminal system to include a marine vessel and a motor fuel storage facility and specified that a bulk transfer must occur within the U.S. The bill imposed a tax on gasoline and diesel fuel sold and loaded into a marine vessel in Texas to a person who does not hold an appropriate license, and requires the seller to collect and remit the tax due. Additionally, shipping documents, in lieu of a bill of lading, may be used to document the export of diesel fuel to a foreign destination for the purposes of exemption.

**HB 4032** amended the Parks and Wildlife Code and Tax Code to cap the amount of the tax imposed on the sale of a boat up to 115 feet in length or a boat motor at \$18,750. The bill established exemptions from the taxes on the sale and use of boats and boat motors for certain boats and motors temporarily used in Texas and provides for the issuance of a related temporary use permit.

**HB 4347** amended the Tax Code to set out and revise provisions relating to the use of certain tax revenue for municipal hotel and convention center projects and other qualified projects and to expand the municipalities authorized to use tax revenue for such purposes. Among other provisions, the bill also set out additional provisions regarding the authority of the Cities of Kemah and Arlington to pledge or commit certain tax revenue for certain authorized projects.

**HB 4542** required brewpubs to report monthly alcoholic beverage sales to retailers to the Comptroller's office, as

well as required a Retail Inventory Tracking System request to be sufficiently detailed to protect the confidentiality of another person's sales information. The bill gave authority to the Comptroller's office to adopt administrative rules for the tracking system, including rules requiring a person requesting tracking system reports to file reports on the distribution of their products to other persons.

**HB 4614** amended the Tax Code to revise and set out provisions relating to the administration, collection and remittance of the *Cigarette* tax, as well as clarified the definitions of certain terms integral to the administration of the *Cigarette* tax, including with respect to what constitutes a first sale; made a permitted cigarette distributor who makes a first sale to a permitted distributor in Texas liable for the *Cigarette* tax; required a cigarette export warehouse to receive a *Cigarette* tax permit from the Comptroller's office and sets out certain recordkeeping requirements for a permitted export warehouse; and provided for the manner in which cigarettes may be sold to or sold and distributed by and between permit holders and with regard to retail sales to consumers.

**SB 21** amended the Health and Safety Code to raise the minimum age requirement to 21 years of age for buying, attempting to buy, possessing, consuming or accepting cigarettes, ecigarettes or tobacco products in Texas, unless the person is at least 18 years of age and presents valid U.S. military or state military identification at the time of purchase. Among other provisions, the bill provides for a warning notice for purchasing or attempting to purchase cigarettes, ecigarettes or tobacco products by a person under 21 years of age, expungement of a conviction for doing so, and certain prohibitions relating to selling, giving or distributing such products.

**SB 346** amended various state provisions to consolidate change and eliminate certain court costs and fees. The bill also provided for the consolidation and standard collection of fees payable to a local government in criminal matters; requires a defendant convicted of a criminal offense to pay a local consolidated court cost, ranging from \$14 to \$123 depending on the level of the offense; and provides for the allocation of those costs to specified accounts and funds. The bill also reclassified certain fees, court costs and other

payments as fines or reimbursement fees, as applicable, and provides for the reconsideration of fines and costs imposed on a defendant if the defendant has difficulty in paying the fines and costs.

**SB 533** reinstated a program under which the Railroad Commission of Texas (RRC) may certify two-year inactive wells for the purpose of a severance tax exemption. The bill repealed the definition of a three-year inactive well. The bill also reduced the time period for the tax exemption from 10 years to five years, and clarified that this tax exemption does not apply to wells used for enhanced oil recovery, drilled wells that are not completed and wells that do not have a record of production on file with the RRC.

**SB 925** changed the method of calculating the average daily production of a natural gas well for purposes of determining if a gas well or lease qualifies for *Oil and Gas Production* tax credits for low-producing wells and to base the eligibility for those tax credits on the higher of the production rates reported to the RRC or to the Comptroller's office.

**SB 1214** removed the travel distance limitation to and from a location to perform specified agricultural services from the determination of whether an aircraft qualifies for a *Sales and Use* tax exemption on the basis of agricultural use.

**SB 1525** cleaned up legislative changes made in **SB 1**, 82nd Legislative, First Called Session (2011). It clarified and codified current Comptroller's office policies and practices related to the *Sales and Use* tax exemption for sale for resale. The bill repeals the *Sales and Use* tax exemption for amusement and personal services provided through coin-operated machines operated by the consumer and provides that these services are not taxable services; clarified when a taxable item integral to the performance of a contract with a nonprofit organization or with the federal government may be purchased tax-free for resale; clarified that tangible personal property such as sand, chemicals and fluids used to perform an oil well service taxable under the Tax Code cannot be purchased for resale; and clarified the *Sales and Use* tax exemption for the repair, remodel, maintenance or restoration of tangible personal property, such as x-ray equipment, required by statute or ordinance to protect the environment.

**SB 1623** exempted Nonprofit Legal Services Corporations from regulation by the Texas Department of Insurance, which resulted in these corporations no longer being subject to the *Office of Public Insurance Counsel* assessment, *Premium* tax or applicable *Maintenance* tax.

**SB 1824** allowed a taxable entity that is a performing rights society to exclude from total revenue, to the extent included in its total revenue, payments made to the public performance rights holder and copyright owner for whom the taxable entity licenses the public performance.

## **2021: The 87th Legislature, Regular Session**

At the start of the 87th Legislative Session, the Comptroller's office released the *Biennial Revenue Estimate* (BRE), which showed the state was projected to have \$112.5 billion in revenue available for general-purpose spending during the 2022-23 biennium. The revenue estimate represented a 0.4 percent decrease from funds available for the 2020-21 biennium. This decline is a direct result of the coronavirus pandemic, which caused revenue collections to fall well short of what was expected when the 86th Legislature approved the 2020-21 budget. Throughout the session, the Comptroller's office closely monitored the state's revenues and released a revised BRE in May 2021 with \$113.88 billion available for general-purpose spending.

Despite the coronavirus pandemic that wreaked havoc on the economy — and Winter Storm Uri that cost too many Texans their lives and caused immense property and infrastructure damage — lawmakers completed the job and approved a budget paying for programs that included education, health and human services, public safety and criminal justice. They fully funded public school finance reforms, worked to improve our electricity grid and addressed a major long-term obligation with a bill to put the Employees Retirement System on the path to actuarial soundness. Among other important items, they did not renew Chapter 313, the state's economic incentive program for attracting corporate expansions and relocations. Texas' Chapter 313 incentives program expired at the end of December 2022.

In November 2021, the Comptroller's office released the 2022-23 Certification Revenue Estimate (CRE) with \$135.32 billion available for general spending, up 15.1 percent from the 2020-21 biennium. This revenue will support the \$123.33 billion in general-purpose spending called for by the 87th Legislature. Throughout fiscal 2022, revenues continued to outpace the forecast, as All Funds tax collections closed the fiscal year \$841 million above the projection in the CRE. The rate of growth in Texas' All Funds tax collections exceeded the prior year by double digits only five times since 1988, and those increases ranged from 10 to 13 percent. The rate of growth for fiscal year 2022 was twice as much as the previous high. Economic growth and inflation have driven higher sales tax collections as demand remains strong and businesses and consumers continue to pay elevated prices for goods.

Severance tax collections outpaced expectations due to elevated oil and gas prices caused by energy market volatility and inflation. The Economic Stabilization Fund and State Highway Fund both received funding from oil and natural gas severance taxes. Deposits to each of those funds totaled \$3.64 billion, which was up from the \$1.46 billion deposited in each fund in November 2021.

**HB 1024** allowed a holder of a mixed beverage permit and a food and beverage certificate from the Texas Alcoholic Beverage Commission to sell beer, wine and cocktails with food orders that are purchased for pickup or delivery, including delivery by a third party. It also allows private club registration permit holders with a food and beverage certificate to do the same.

**HB 1195** allowed a taxable entity to exclude from total revenue money that is received in federal loans or grants under certain Coronavirus and other related federal acts for purposes of franchise tax calculations.

**HB 1256** required that 1 percent of the *Mixed Beverage Gross Receipts* and *Sales* tax be deposited to Specialty Court GR Account.

**HB 1284** removed the requirement to get a certification from the Texas Commission on Environmental Quality prior to applying with the Comptroller's office for the reduced tax rate available for enhanced recovery projects using anthropo-

genic carbon dioxide. Taxpayers will now only need to get a certification from the Railroad Commission of Texas (RRC).

**HB 1445** amended the definition of taxable insurance services to exclude medical or dental billing services performed prior to the original submission of a medical or dental insurance claim.

**HB 1520** allowed the Public Finance Authority to provide a method of financing for customer rate relief bonds authorized by the RRC. The proceeds would be used to reduce the cost that customers would experience due to the extraordinary costs that gas utilities may incur to secure gas supply and provide service during natural or man-made disasters, system failures and other catastrophic events, and to restore gas utility systems after such events by providing securitization financing enabling gas utilities to recover these costs. The bill exempts from state and local taxation any profits made from the sale of the bonds. It also exempts from state and local taxation the amount a gas utility collects in bond charges from its customers. Any interest on the customer rate relief bonds is not subject to taxation by and may not be included as part of the measurement of a tax by Texas or a political subdivision of Texas.

**HB 1755** allowed a holder of a mixed beverage permit and a food and beverage certificate from Texas Alcoholic Beverage Commission to let their customers who order wine with food to remove the container of wine from the premises whether it is opened or unopened.

**HB 2106** amended the Business and Commerce Code to make provisions relating to payment card skimmers on motor fuel dispensers apply instead to skimmers on motor fuel metering devices and to transfer the administration of the revised provisions to the Texas Department of License and Regulation. The bill made a person who violates provisions relating to payment card skimmers on motor fuel metering devices or a rule adopted under such provisions liable to the state for a civil penalty and provided for an action to collect the penalty.

**HB 2263** provided an exemption for gross receipts received from the sale of electricity to a public school district customer.

**HB 2530** changed the month for determining the rate of interest for refunds or credits from December of the previous

calendar year to November of the previous calendar year. The interest rate paid on refunds or credits remains the lesser of the annual rate of interest earned on deposits in the state treasury or the prime rate plus 1 percent.

**HB 2675** repealed the provisions providing for the suspension of the collection of oil-field cleanup regulatory fees when the balance of the fund exceeds a specified amount.

**HB 2896** amended the Government Code and Transportation Code to revise provisions governing certain accounts and the dedication of certain revenue, postponed the expiration date of statutory provisions governing the use of dedicated revenue in treasury funds by the Comptroller's office, and revised the deadline by which the Comptroller's office is required to eliminate all dedicated accounts for specialty license plates.

**HB 3578** allowed payments for cigarette and tobacco permits to be made by credit card. Prior to this bill, payments had to be made by cash, check or money order.

**HB 3777** removed from the *Franchise* tax credit the cost and expenses to rehabilitate a certified historic structure by a nonprofit corporation or other corporation exempt from tax under Section 171.063, if the structure is leased to a tax-exempt entity in a disqualified lease.

**HB 3799** clarified that a county fair association or another nonprofit entity may make tax-free sales at a county fair that is held on property owned by the county.

**HB 3856** amended the Agriculture Code to set at \$5,000 the maximum administrative penalty that may be imposed by the Texas Animal Health Commission for a violation of provisions relating to the control of animal diseases and pests, or a rule or order adopted under those provisions.

**HB 4103** added the city of Victoria to the cities that can allocate revenues to construct and maintain a sports-related facility. The bill also adds the cities of Victoria, Leander and Missouri City to the list of municipalities that may be eligible for a qualified project. The bill adds the cities of Lubbock and Victoria to the cities eligible for an additional entitlement of tax revenues from qualified establishments. The bill also amends the land ownership requirements for a qualified establishment for the city of Grand Prairie.

**HB 4472** redirected a portion of the *Motor Vehicle Title* fee from the Texas Mobility Fund to the Texas Emissions Reduction Plan Trust Fund.

**HB 4492** directed the Comptroller's office to invest not more than \$800 million of the Economic Stabilization Fund in debt obligations issued by the Electric Reliability Council of Texas (ERCOT). The bill enabled ERCOT to issue debt obligations to finance substantial balances owed by wholesale market participants and that would otherwise be uplifted as a result of Winter Storm Uri. The bill also authorized the Public Utility Commission, on application of ERCOT, to adopt an order authorizing the issuance of debt obligations. The bill exempted from state and local *Sales and Use*, *Franchise*, and *Gross Receipts* taxes the transfer and receipt of default charges relating to the debt obligations. The bill also exempted from state and local income, sales, franchise, gross receipts, and other taxes or similar charges, transactions involving the transfer and ownership of uplift property and the receipt of uplift charges.

**SB 3**, an omnibus bill enacted in response to Winter Storm Uri, amends the Government Code, Natural Resources Code, Utilities Code and Water Code to set out provisions relating to preparing for, preventing and responding to weather emergencies and power outages. The bill required the weatherization of certain gas supply chain and gas pipeline facilities and certain entities that sell electric energy or provide transmission service in the ERCOT power region; provided penalties of up to \$1 million for violating applicable weatherization requirements; and determined the amount of the civil penalty for disconnecting natural gas service to residential customers during an extreme weather emergency at up to \$1 million.

**SB 153** codified current policy excluding certain types of payment processing from the definition of taxable data processing. This included the settling of electronic payment transactions by a downstream payment processor or point-of-sale payment processor, a money transmitter, a federally insured financial institution, a person sponsored by such a financial institution to settle electronic payment transactions, or a payment card network.

**SB 181** amended the Code of Criminal Procedure and Transportation Code to remove a misdemeanor drug con-

viction as grounds for automatic driver license suspension or denial, with certain exceptions, and to impose instead a \$100 fine for these convictions that do not result in license suspension.

**SB 197** allowed nonprofit animal welfare organizations, as defined in the Health and Safety Code, to make animal sales and adoptions tax free. Prior to **SB 197**, only nonprofit animal shelters could make animal sales and adoptions tax free.

**SB 248** expanded the definition of e-cigarette to include a consumable liquid solution or other material aerosolized or vaporized during the use of an electronic cigarette or similar device, regardless of whether the liquid or other material contains nicotine.

**SB 296** gave taxpayers additional time to provide resale and exemption certificates. After receiving written notice from the Comptroller's office, taxpayers must provide resale and exemption certificates within 90 days instead of 60 days. The taxpayer and the Comptroller's office may agree on a date later than the 90 days for provision of the certificates.

**SB 313** exempted firearm safety equipment from *Sales and Use* taxes. The bill provides that "firearm safety equipment" includes a gun lock box, a gun safe, a barrel lock, a trigger lock, firearm safety training manual or electronic publication, and other items designed to ensure the safe handling or storage of a firearm.

**SB 477** allowed a marketplace provider to take, on behalf of the marketplace seller, the sales tax deduction generally allowed for the resale of tickets and admission documents to amusement services. The marketplace seller must certify that he or she paid the tax due on the original purchase. The bill clarified that the occasional sales exemption does not apply to marketplace sales. The bill also required a marketplace provider that sells lead-acid batteries to collect the applicable fee associated with that sale and required marketplace providers to collect the prepaid 9-1-1 emergency service fee on the sale of prepaid wireless telecommunications services.

**SB 586** added distributors to the list of entities required to file an annual report with the Comptroller's office listing each warranty issued for a new, off-highway vehicle that

was sold to a Texas resident by a retailer located outside the state in the preceding calendar year. Currently, only manufacturers are required to file reports. The bill also authorized the Comptroller's office to audit, inspect or verify a distributor's compliance with these provisions.

**SB 609** established the Texas Music Incubator Program. The program allows eligible music venues and eligible music festival promoters to apply for a rebate of the *Mixed Beverage Gross Receipts* tax and sales tax paid on the sale of alcoholic beverages in the preceding fiscal year, up to a maximum of \$100,000. The program is administered by the Governor's office. The Comptroller's office will issue refunds of rebates approved by the Governor's office from the newly created Texas Music Incubator Account in the General Revenue Fund. The program may provide rebates until all the money in the Texas Music Incubator Account is exhausted.

**SB 703** repealed provisions in Parks and Wildlife Code related to aquaculture and fish and farm vehicle licensing fees collected by Texas Department of Agriculture.

**SB 708** amended the Government Code to continue the Texas Commission on Fire Protection until Sept. 1, 2033. The bill also extended the collection of *Professional Fees* for Fire Protection Personnel.

**SB 798** added exemptions for driver license fees to victims of family violence.

**SB 833** allowed a person who files an oil or gas producer's report or first purchaser's report, and who does not hold a sales tax permit, to file a claim for a refund for sales taxes paid in error to a sales tax permit holder directly with the Comptroller's office without an assignment of refund.

**SB 872** amended the Health and Safety Code to continue the dry cleaner environmental response program and the collection of Dry Cleaning Facilities Profession fees until Sept. 1, 2041.

**SB 873** required that the purchaser of a business asking the Comptroller's office for a certification of the amount of tax that business owes the Comptroller's office to do so on an affidavit or form prescribed by the Comptroller's office. The bill also clarified that Tax Code, Section 111.006(a) does not apply to the disclosure.

**SB 900** amended the Water Code to require the Texas Commission on Environmental Quality, not later than

Sept. 1, 2023, to establish a Performance Standards for Safety at Storage Vessels Program to provide for the protection of groundwater and surface water resources from a release of substances from a storage vessel in the event of an accident or natural disaster, applicable only to certain storage vessels that are located at or are part of a petrochemical plant, a petroleum refinery, or an applicable bulk storage terminal. The bill also provided for a program certification fee.

**SB 938** required that the Secretary of State waive all filing fees for new veteran-owned businesses. The bill also provided for a five-year exemption from the *Franchise* tax for new veteran-owned businesses that first begin doing business in the state on or after Jan. 1, 2022, and before Jan. 1, 2026.

**SB 970** amended Health and Safety Code to remove registration fees related to tattoo and body piercing studios.

**SB 1524** created a *Sales and Use* tax refund for businesses that employ qualified apprentices, which expires Dec. 31, 2026. An employer may not apply for a refund under this section unless the executive director of the Texas Workforce Commission certifies that the employer is able to employ apprentices in qualified apprenticeships. The refund amount is limited to not more than \$2,500 per qualified apprentice position per calendar year. An employer may have up to six apprentices if requirements are met. The employer must apply with the Comptroller's office for the refund and include the certification from the Texas Workforce Commission.

**SB 1580** enabled electric cooperatives to use securitization financing to recover extraordinary costs and expenses incurred due to the abnormal weather that occurred in Texas from midnight on Feb. 12, 2021, to 11:59 p.m. on Feb. 20, 2021. The bill exempted transactions involving the transfer and ownership of securitized property and the receipt of securitized charges from state and local income, sales, franchise, gross receipts, and other taxes or similar charges.

**SB 2038** amended the Health and Safety Code to set out provisions relating to prices and fees charged by certain licensed freestanding emergency medical care facilities that provide testing or vaccination for an infectious disease based on a declared state of disaster. ★

## SOURCES OF REVENUE

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STATE OF TEXAS  
**SOURCES OF REVENUE**  
*A History of State Taxes and Fees 1972-2022*

# Texas Tax and Fee Profiles Introduction

These profiles include summary information for each tax and fee discussed in a standard format. The following are brief definitions of the types of information found in the profiles.

**Rate and Base** The amount of a tax or fee and the individuals, entities, goods or services to which it applies.

*State:* The current fee or tax rate as set by the state of Texas.

*Local:* The current fee or tax rate as set by the local entity imposing it.

*Federal:* The current fee or tax rate as set by the federal government.

*Major Exemptions:* The individuals, entities, goods or services exempted from the fee or tax.

**Administration** Summary information on levying, collecting and processing the tax or fee.

*Agency:* State agency responsible for collecting and/or processing the fee or tax.

*Number of Fees Collected/Taxpayers:* An estimated count of recorded payers of a tax or the number of fees collected as of the publication date of this report.

*Payment Cycle:* How often a fee or tax is required to be remitted to the state.

*Due Date:* The date by which a fee or tax is required to be remitted within the payment cycle.

*Remitted by:* The entity that collects and sends the respective fee or tax to the responsible state agency.

**Legal Citation(s)** The legal authority for the levy and collection of the fee or tax, primarily Texas statutes and/or the Texas Constitution.

**Enacted** The date and/or the enacting legislative session the fee or tax was created.

**Rate and Base Changes** List of legislative actions that have significant impact on the amount of fee or tax levied.

**Allocation** A list of funds and accounts to which the fee or tax is deposited, allocated or transferred.

**Net Collections** Historical collections of the fee or tax from 1972 through the last completed fiscal year.

*Total Revenue:* Total annual fee/tax amount collected and deposited in the state treasury. A profile with only this column heading indicates that the fee or tax has never been deposited or allocated to a trust fund in the history of that fee or tax.

*Revenue All Funds:* Total annual fee/tax amount collected and deposited in the state treasury including amounts deposited to trust and local funds. These profiles have amounts deposited to trust funds as well as other funds. These profiles will have this column and a *Revenue Excludes Trust* column.

*Revenue Excludes Trust:* Total annual fee/tax amount collected and deposited in the state treasury excluding deposits made to trust and local funds.

*Percent Change:* The growth rate of fee/tax collections from one year to the next. This rate does not include amounts deposited to trust and local funds.

*Percent of Other Revenue:* The percentage of the respective fee as a share of all state fees. This does not include amounts deposited to trust funds, local funds or federal revenue.

*Percent of Taxes:* The percentage of the respective tax as a share of all state taxes. This does not include amounts deposited to trust funds or local funds.

## **AIR POLLUTION CONTROL FEES**

### **Revenue Object 3375**

#### **RATE AND BASE**

<i>State:</i>	Various fees and penalties to ensure that industrial construction meets federal and state pollution standards; rates range from \$25 to \$75,000
<i>Local:</i>	None
<i>Federal:</i>	None
<i>Major Exemptions:</i>	None

#### **ADMINISTRATION**

<i>Agency:</i>	Texas Commission on Environmental Quality
<i>No. of Fees Collected:</i>	11,520
<i>Payment Cycle:</i>	Annual fees — November 1st; permits — various dates
<i>Due Date:</i>	November 1st for annual fees; permits on various dates
<i>Remitted By:</i>	Permits: industrial entities Penalties: entities releasing unauthorized air contaminants

#### **LEGAL CITATION(S)**

Texas Health and Safety Code, §§ 382.05155, 382.062 and 382.0621

#### **ENACTED**

66th Legislature (1979) Various fees between \$50 and \$7,500

#### **RATE AND BASE CHANGES**

69th Legislature (1985) Various fees between \$50 and \$50,000  
72nd Legislature (1991) Various fees between \$25 and \$75,000  
83rd Legislature (2013) Added greenhouse gas emission fee on expedited application surcharge  
86th Legislature (2019) Changed the expedited application surcharge deposit from GR 0001 to GR Account 0151 - Clean Air

#### **ALLOCATION**

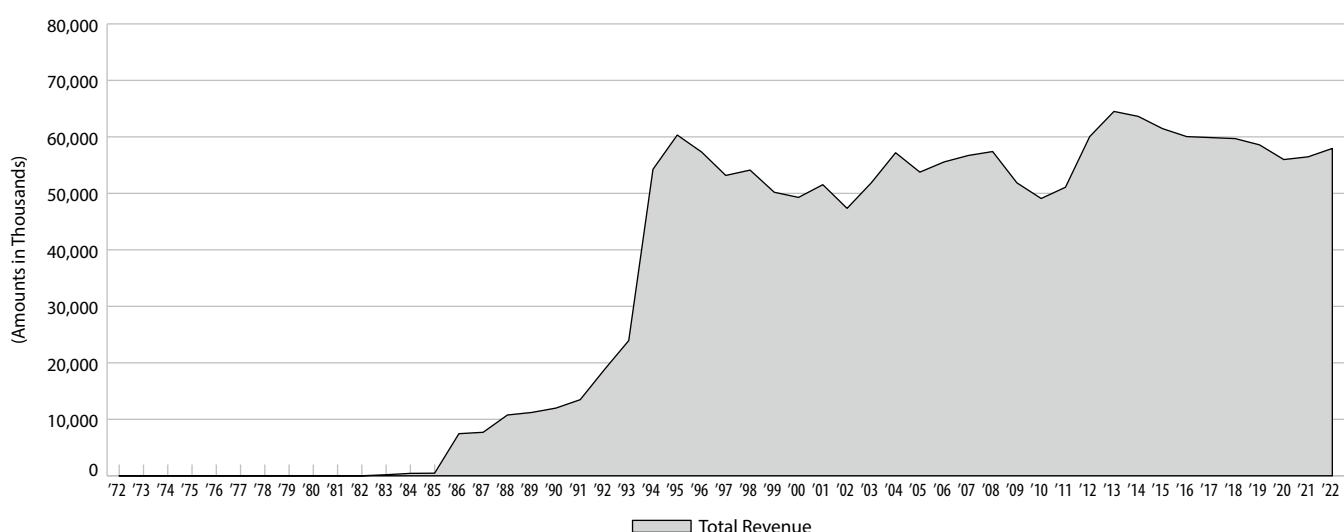
General Revenue Fund 0001 — greenhouse gas emission fee and expedited application surcharge  
GR Account - Operating Permit Fees 5094 — Emissions fees  
GR Account - Clean Air 0151 — All other fees

**AIR POLLUTION CONTROL FEES (concluded)**  
**Revenue Object 3375**

**NET COLLECTIONS**  
(Amounts in Thousands)

Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Other Revenue	Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Other Revenue
1972	\$ 0	-	0.00	2000	\$ 49,286	(1.8)	0.50
1973	0	-	0.00	2001	51,536	4.6	0.49
1974	0	-	0.00	2002	47,346	(8.1)	0.44
1975	0	-	0.00	2003	51,878	9.6	0.46
1976	0	-	0.00	2004	57,192	10.2	0.47
1977	0	-	0.00	2005	53,759	(6.0)	0.41
1978	0	-	0.00	2006	55,566	3.4	0.39
1979	0	-	0.00	2007	56,709	2.1	0.36
1980	0	-	0.00	2008	57,403	1.2	0.30
1981	0	-	0.00	2009	51,860	(9.7)	0.33
1982	0	-	0.00	2010	49,088	(5.3)	0.32
1983	190	-	0.01	2011	51,079	4.1	0.30
1984	428	125.8	0.02	2012	60,051	17.6	0.34
1985	462	8.0	0.02	2013	64,504	7.4	0.34
1986	7,455	1,513.3	0.18	2014	63,629	(1.4)	0.32
1987	7,700	3.3	0.22	2015	61,461	(3.4)	0.29
1988	10,762	39.8	0.31	2016	60,046	(2.3)	0.26
1989	11,211	4.2	0.30	2017	59,872	(0.3)	0.26
1990	11,986	6.9	0.30	2018	59,694	(0.3)	0.24
1991	13,473	12.4	0.31	2019	58,585	(1.9)	0.22
1992	18,810	39.6	0.35	2020	55,985	(4.4)	0.21
1993	23,935	27.2	0.35	2021	56,467	0.9	0.21
1994	54,266	126.7	0.67	2022	57,950	2.6	0.17
1995	60,321	11.2	0.72				
1996	57,332	(5.0)	0.63				
1997	53,173	(7.3)	0.57				
1998	54,119	1.8	0.59				
1999	50,191	(7.3)	0.48				

<sup>†</sup> No revenue deposited to trust



Source(s): Glenn Hegar, Texas Comptroller; Texas Commission on Environmental Quality

## **BOAT AND BOAT MOTOR SALES AND USE TAX**

### **Revenue Object 3111**

#### **RATE AND BASE**

<i>State:</i>	6.25% of the total consideration on every retail sale of a taxable boat or boat motor, total tax may not exceed \$18,750
	\$15 tax for each taxable boat or boat motor brought into the state by a new resident
	Tax does not apply to boats propelled by paddle or oar; also not applicable to craft in excess of 65 feet
	\$150 fee for a temporary use permit for owners that qualify for certain exemptions
<i>Local:</i>	None. If tax paid to a county tax assessor-collector, county retains 5% of collections
<i>Federal:</i>	None
<i>Major Exemptions:</i>	Sales to government, certain emergency service organizations

#### **ADMINISTRATION**

<i>Agency:</i>	Texas Parks and Wildlife Department
<i>Number of Taxpayers:</i>	114
<i>Payment Cycle:</i>	Monthly
<i>Due Date:</i>	10th day of the month for the preceding month
<i>Remitted By:</i>	Texas Parks and Wildlife Department or county tax assessor-collectors

#### **LEGAL CITATION(S)**

Texas Tax Code, §§ 160.001–160.122

#### **ENACTED**

72nd Legislature (1991) 6.25%

#### **RATE AND BASE CHANGES**

75th Legislature (1997) Base expanded to include sales of commercial boats not more than 65 feet long  
77th Legislature (2001) Certain emergency services organizations exempted from taxation  
86th Legislature (2019) Tax limit and \$150 permit fee added

#### **ALLOCATION**

If paid to a county tax assessor-collector:	
	Local county government — 5%
	General Revenue Fund 0001 — 95%
If paid to the Texas Parks and Wildlife Department:	
	GR Account - Game, Fish, and Water Safety 0009 — 5%
	General Revenue Fund 0001 — 95%

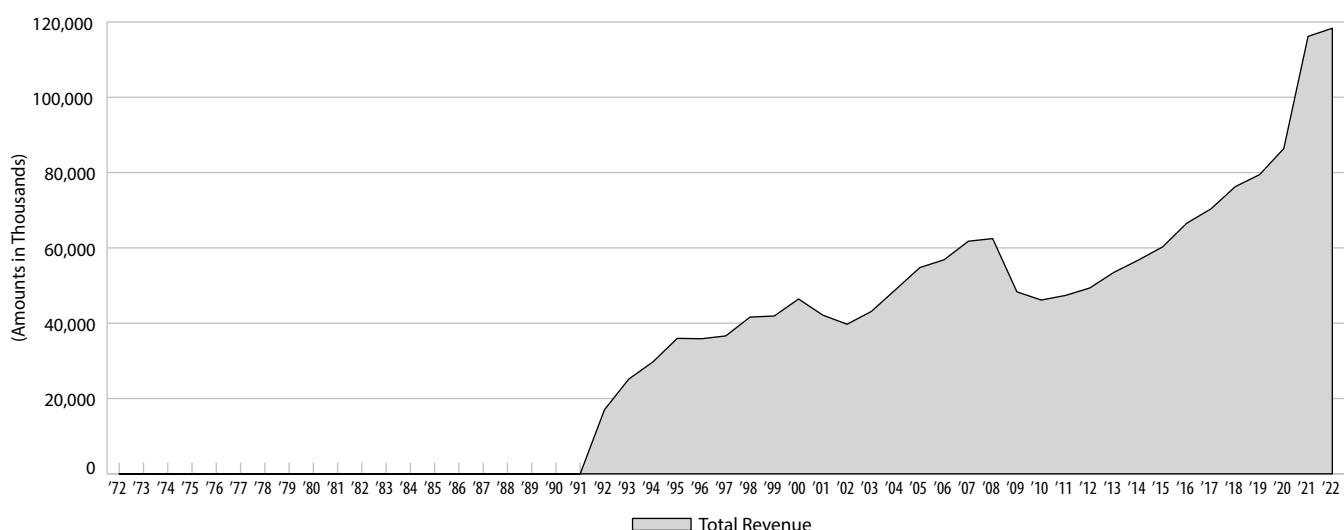
**BOAT AND BOAT MOTOR SALES AND USE TAX (concluded)**  
**Revenue Object 3111**

**NET COLLECTIONS**  
(Amounts in Thousands)

Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Taxes	Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Taxes
1972	\$ 0	-	0.00	2000	\$ 46,434	10.8	0.18
1973	0	-	0.00	2001	42,138	(9.3)	0.15
1974	0	-	0.00	2002	39,727	(5.7)	0.15
1975	0	-	0.00	2003	43,127	8.6	0.17
1976	0	-	0.00	2004	48,923	13.4	0.18
1977	0	-	0.00	2005	54,776	12.0	0.18
1978	0	-	0.00	2006	56,854	3.8	0.17
1979	0	-	0.00	2007	61,777	8.7	0.17
1980	0	-	0.00	2008	62,466	1.1	0.15
1981	0	-	0.00	2009	48,328	(22.6)	0.13
1982	0	-	0.00	2010	46,153	(4.5)	0.13
1983	0	-	0.00	2011	47,373	2.6	0.12
1984	0	-	0.00	2012	49,348	4.2	0.11
1985	0	-	0.00	2013	53,510	8.4	0.11
1986	0	-	0.00	2014	56,741	6.0	0.11
1987	0	-	0.00	2015	60,243	6.2	0.12
1988	0	-	0.00	2016	66,556	10.5	0.14
1989	0	-	0.00	2017	70,366	5.7	0.14
1990	0	-	0.00	2018	76,272	8.4	0.14
1991	0	-	0.00	2019	79,440	4.2	0.13
1992 <sup>1</sup>	17,016	-	0.11	2020	86,373	8.7	0.15
1993	25,149	47.8	0.15	2021	116,166	34.5	0.19
1994	29,738	18.2	0.16	2022	118,326	1.9	0.15
1995	35,970	21.0	0.19				
1996	35,879	(0.3)	0.18				
1997	36,624	2.1	0.17				
1998	41,628	13.7	0.18				
1999	41,918	0.7	0.18				

<sup>†</sup> No revenue deposited to trust

<sup>1</sup> Before 1992, Boat and Boat Motor tax receipts were deposited under object code 3102 for the Sales and Use tax



Source(s): Glenn Hegar, Texas Comptroller

**CEMENT PRODUCTION TAX**  
**Revenue Object 3136**

**RATE AND BASE**

<i>State:</i>	\$0.0275 per 100 pounds on first intrastate distribution, sale, or use of cement manufactured within or imported into the state
<i>Local:</i>	None
<i>Federal:</i>	None
<i>Major Exemptions:</i>	None

**ADMINISTRATION**

<i>Agency:</i>	Comptroller of Public Accounts
<i>Number of Taxpayers:</i>	24
<i>Payment Cycle:</i>	Monthly
<i>Due Date:</i>	25th day of the month for the preceding month
<i>Remitted By:</i>	Manufacturer, producer, or importer

**LEGAL CITATION(S)**

Texas Tax Code, § 181.001, 181.002

**ENACTED**

42nd Legislature (1931) \$0.0125 per 100 pounds

**RATE AND BASE CHANGES**

47th Legislature (1941) \$0.025 per 100 pounds  
52nd Legislature (1951) \$0.0275 per 100 pounds

**ALLOCATION**

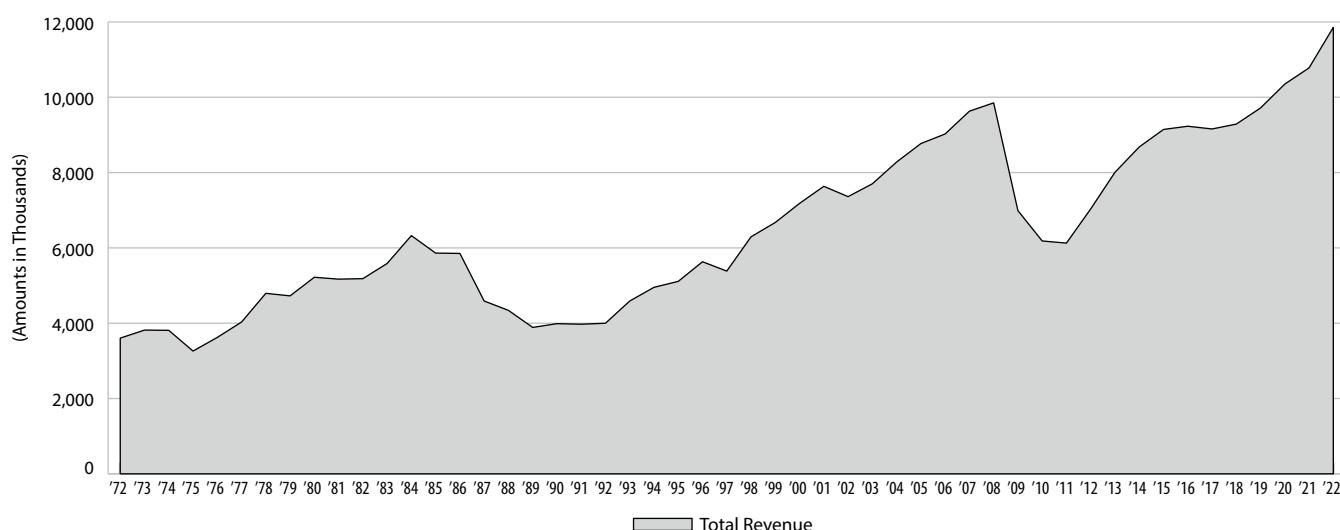
General Revenue Fund 0001 — 75%  
GR Account - Foundation School 0193 — 25%

**CEMENT PRODUCTION TAX (concluded)**  
**Revenue Object 3136**

**NET COLLECTIONS**  
(Amounts in Thousands)

Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Taxes	Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Taxes
1972	\$ 3,604	-	0.15	2000	\$ 7,182	7.6	0.03
1973	3,817	5.9	0.15	2001	7,635	6.3	0.03
1974	3,811	(0.1)	0.13	2002	7,361	(3.6)	0.03
1975	3,260	(14.5)	0.10	2003	7,702	4.6	0.03
1976	3,623	11.1	0.09	2004	8,280	7.5	0.03
1977	4,031	11.3	0.09	2005	8,770	5.9	0.03
1978	4,793	18.9	0.10	2006	9,025	2.9	0.03
1979	4,726	(1.4)	0.09	2007	9,630	6.7	0.03
1980	5,220	10.5	0.08	2008	9,851	2.3	0.02
1981	5,170	(0.9)	0.07	2009	6,990	(29.0)	0.02
1982	5,183	0.2	0.06	2010	6,184	(11.5)	0.02
1983	5,586	7.8	0.07	2011	6,127	(0.9)	0.02
1984	6,326	13.3	0.07	2012	7,035	14.8	0.02
1985	5,862	(7.3)	0.05	2013	8,007	13.8	0.02
1986	5,853	(0.1)	0.06	2014	8,680	8.4	0.02
1987	4,589	(21.6)	0.04	2015	9,145	5.3	0.02
1988	4,341	(5.4)	0.04	2016	9,231	0.9	0.02
1989	3,888	(10.4)	0.03	2017	9,158	(0.8)	0.02
1990	3,988	2.6	0.03	2018	9,287	1.4	0.02
1991	3,973	(0.4)	0.03	2019	9,716	4.6	0.02
1992	3,999	0.7	0.03	2020	10,350	6.5	0.02
1993	4,589	14.7	0.03	2021	10,780	4.2	0.02
1994	4,953	7.9	0.03	2022	11,856	10.0	0.02
1995	5,111	3.2	0.03				
1996	5,632	10.2	0.03				
1997	5,384	(4.4)	0.03				
1998	6,295	16.9	0.03				
1999	6,675	6.0	0.03				

† No revenue deposited to trust



Source(s): Glenn Hegar, Texas Comptroller

## **CIGARS AND TOBACCO PRODUCTS TAX**

### **Revenue Object 3278**

**RATE AND BASE**

<i>State:</i>	Cigar rate varies with weight per 1,000 constituents and price: from 1¢ per 10 cigars for weight under 3 lbs. to \$15 per 1,000 cigars for weight over 3 lbs.
	Tobacco products other than cigars (snuff, chewing tobacco, pipe tobacco, roll-your-own tobacco and other): \$1.22 per ounce of manufacturer's list weight
<i>Local:</i>	None
<i>Federal:</i>	Large cigars — 52.75% of sales price, not to exceed \$402.60 per 1,000 cigars; Small cigars — \$50.33 per 1,000 cigars; Snuff — \$1.51 per pound; Chewing tobacco — \$0.5033 per pound; Pipe tobacco — \$2.8311 per pound; and Roll-your-own tobacco — \$24.78 per pound
<i>Major Exemptions:</i>	Importation with retail value at 25 cents or less; Indian tribal facility sales; federal institution sales

**ADMINISTRATION**

<i>Agency:</i>	Comptroller of Public Accounts
<i>Number of Taxpayers:</i>	442
<i>Payment Cycle:</i>	Monthly
<i>Due Date:</i>	25th of month for distributors
<i>Remitted By:</i>	Cigar and tobacco wholesale distributors

**LEGAL CITATION(S)**

Texas Tax Code, §§ 155.021, 155.0211, 155.2415

**ENACTED**

(Before 1959 — taxed under the cigarette tax)  
56th Legislature (1959) \$0.01 per 10 small cigars, \$7.50 per 1,000 large cigars <3.3 cents each (retail price), \$15.00 per 1,000 large cigars >3.3 cents each (retail price)

**RATE AND BASE CHANGES**

60th Legislature (1967) Rate for certain large cigars reduced to \$12.00 per 1,000  
62nd Legislature (1971) Changed 3.3 cent price threshold to factory price from retail price  
64th Legislature (1975) Rate for certain large cigars reduced to \$11.00 per 1,000  
65th Legislature (1977) \$11 per 1,000 rate was extended to a broader range of large cigars  
68th Legislature (1984) Removed exemption for snuff  
70th Legislature (1987) 28.125% for tobacco products other than cigars (eff. 10/1/87)  
71st Legislature (1990) 35.213% for tobacco products other than cigars (eff. 07/01/90)  
79th Legislature, 3rd Called Session (2006) 40% for tobacco products other than cigars (eff. 01/01/07)  
81st Legislature (2009) Per ounce, \$1.10 (eff. 09/01/09), \$1.13 (eff. 09/01/10), \$1.16 (eff. 09/01/11), \$1.19 (eff. 09/01/12), \$1.22 (eff. 12/01/13) for tobacco products other than cigars

**ALLOCATION**

General Revenue Fund 0001 — All tax revenue from cigars; from non-cigar tobacco products (1) tax revenues that would be generated under the previous manufacturer's list price-based method of taxation at 35.213%. In addition to cigars and (1), tax proceeds remaining (2) after the (initial) allocation to GR and the allocation to the Property Tax Relief Fund, if the Comptroller were to determine that the unencumbered beginning balance in the Physician Education Loan Repayment Account is sufficient to fund the Legislatively-mandated purposes for which the account was originally created; otherwise, the Physician Education account would receive all revenue under (2).

Property Tax Relief Fund 0304 — All non-cigar tax revenue that would be generated under the previous manufacturer's list price-based method of taxation at 40% less the amount (see (1) above) initially allocated to GR.

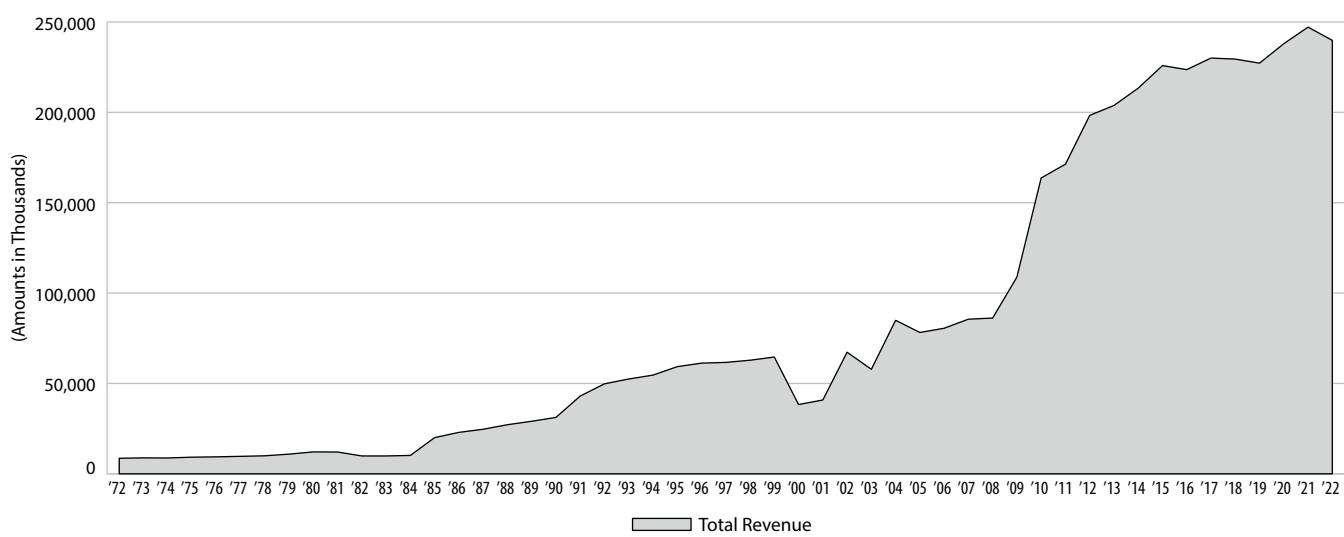
GR Account - Physician Loan Repayment Program 5144 — For non-cigar tobacco products, account would receive all of the revenue calculated in the GR section above under (2) if the Comptroller were to not make the determination described. otherwise, this account would receive no revenue under (2).

**CIGARS AND TOBACCO PRODUCTS TAX (concluded)**  
**Revenue Object 3278**

**NET COLLECTIONS**  
(Amounts in Thousands)

Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Taxes	Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Taxes
1972	\$ 8,622	-	0.37	2000	\$ 38,336	(40.7)	0.15
1973	8,834	2.5	0.34	2001	40,854	6.6	0.15
1974	8,772	(0.7)	0.29	2002	67,288	64.7	0.26
1975	9,220	5.1	0.27	2003	57,834	(14.0)	0.22
1976	9,396	1.9	0.24	2004	84,940	46.9	0.30
1977	9,682	3.0	0.22	2005	78,204	(7.9)	0.26
1978	9,973	3.0	0.20	2006	80,538	3.0	0.24
1979	10,904	9.3	0.20	2007	85,558	6.2	0.23
1980	12,123	11.2	0.19	2008	86,176	0.7	0.21
1981	12,073	(0.4)	0.16	2009	108,874	26.3	0.29
1982	9,891	(18.1)	0.11	2010	163,698	50.4	0.46
1983	9,890	(0.0)	0.12	2011	171,299	4.6	0.44
1984	10,186	3.0	0.11	2012	198,291	15.8	0.45
1985	20,041	96.7	0.19	2013	203,811	2.8	0.43
1986	22,938	14.5	0.22	2014	213,374	4.7	0.42
1987	24,658	7.5	0.24	2015	225,848	5.8	0.44
1988	27,177	10.2	0.22	2016	223,624	(1.0)	0.46
1989	29,080	7.0	0.23	2017	230,027	2.9	0.46
1990	31,221	7.4	0.23	2018	229,444	(0.3)	0.41
1991	43,032	37.8	0.29	2019	227,209	(1.0)	0.38
1992	49,788	15.7	0.31	2020	237,971	4.7	0.41
1993	52,468	5.4	0.31	2021	247,130	3.8	0.40
1994	54,623	4.1	0.30	2022	239,820	(3.0)	0.31
1995	59,299	8.6	0.31				
1996	61,247	3.3	0.31				
1997	61,649	0.7	0.29				
1998	62,853	2.0	0.28				
1999	64,620	2.8	0.27				

<sup>†</sup> No revenue deposited to trust



Source(s): Glenn Hegar, Texas Comptroller; US Treasury

**CIGARETTE TAX**  
**Revenue Object 3275 \***

**RATE AND BASE**

<i>State:</i>	\$70.50 per 1,000 cigarettes weighing 3 pounds or less per 1,000 (\$1.41 per pack of 20); \$72.60 per 1,000 cigarettes weighing more than 3 pounds per 1,000 (\$1.452 per pack of 20)
<i>Local:</i>	None
<i>Federal:</i>	\$1.01 per pack of 20 small cigarettes (\$50.33 per 1,000 cigarettes); \$2.11 per pack of 20 large cigarettes (\$105.69 per 1,000 cigarettes)
<i>Major Exemptions:</i>	Importation from other states of up to 200 cigarettes for personal use; Indian tribal facility sales; federal institution sales

**ADMINISTRATION**

<i>Agency:</i>	Comptroller of Public Accounts
<i>Number of Taxpayers:</i>	78
<i>Payment Cycle:</i>	Monthly
<i>Due Date:</i>	Upon receipt of tax stamps unless eligible for credit purchases; credit purchases due 30 days after receipt of tax stamps, except at the end of each biennium when tax stamp purchases made before August 31 must be paid in full by that date
<i>Remitted By:</i>	Cigarette wholesale distributors

**LEGAL CITATION(S)**

Texas Tax Code, §§ 154.021, 154.602 - 154.603

**ENACTED**

42nd Legislature (1931) 3 cents per pack of 20 cigarettes

**RATE AND BASE CHANGES**

51st Legislature (1950) 4 cents per pack
54th Legislature (1955) 5 cents per pack
56th Legislature (1959) 8 cents per pack
59th Legislature (1965) 11 cents per pack
61st Legislature (1969) 15.5 cents per pack
62nd Legislature (1971) 18.5 cents per pack
68th Legislature (1984) 19.5 cents per pack (eff. 10/2/84 to 8/31/85); 20.5 cents (eff. 9/1/85)
70th Legislature (1987) 26 cents per pack (eff. 10/1/87)
71st Legislature (1990) 41 cents per pack (eff. 7/1/90)
79th Legislature, 3rd Called Session (2006) \$1.41 per pack (eff. 1/1/07)

**ALLOCATION**

General Revenue Fund 0001 — All tax revenues attributable to a tax rate of \$0.41 per pack

Property Tax Relief Fund 0304 — All tax revenues attributable to the portion of the tax rate above \$0.41 per pack, regardless of weight.

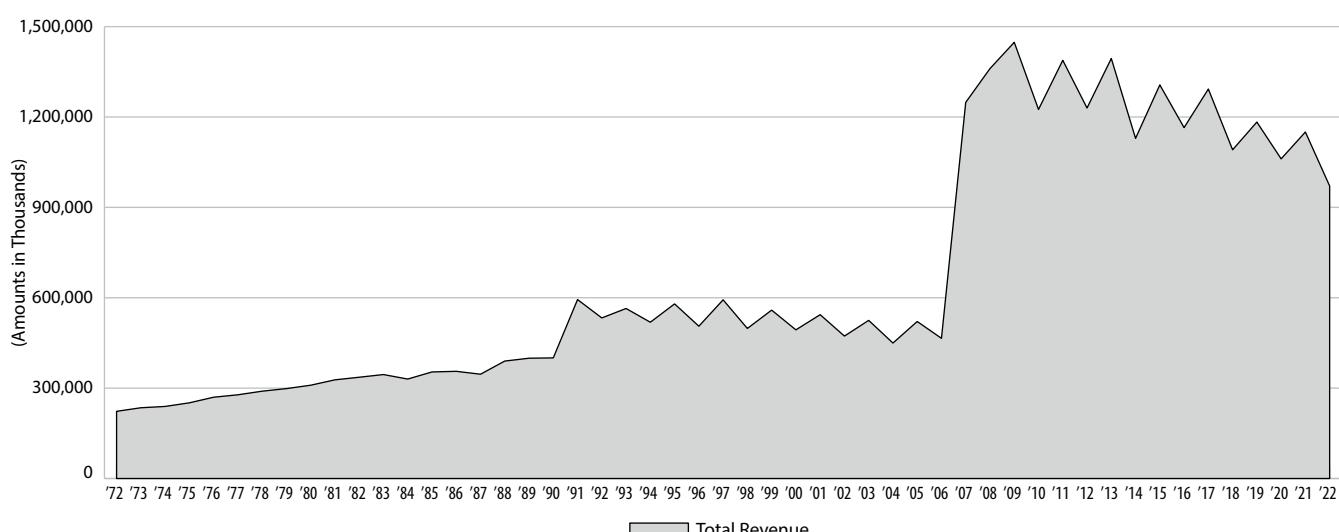
**CIGARETTE TAX (concluded)**  
**Revenue Object 3275 \***

**NET COLLECTIONS**  
(Amounts in Thousands)

Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Taxes	Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Taxes
1972	\$ 222,986	-	9.51	2000	\$ 493,444	(11.7)	1.95
1973	234,833	5.3	9.09	2001	543,807	10.2	2.00
1974	239,180	1.9	7.90	2002	472,746	(13.1)	1.80
1975	251,194	5.0	7.44	2003	524,883	11.0	2.01
1976	269,832	7.4	6.89	2004	449,637	(14.3)	1.61
1977	277,867	3.0	6.29	2005	521,164	15.9	1.75
1978	289,852	4.3	5.76	2006	465,366	(10.7)	1.39
1979	298,381	2.9	5.54	2007	1,248,481	168.3	3.38
1980	309,642	3.8	4.88	2008	1,360,719	9.0	3.29
1981	327,510	5.8	4.23	2009	1,447,919	6.4	3.83
1982	336,147	2.6	3.89	2010	1,225,066	(15.4)	3.46
1983	345,074	2.7	4.06	2011	1,388,206	13.3	3.57
1984	330,085	(4.3)	3.55	2012	1,229,811	(11.4)	2.79
1985	353,681	7.1	3.30	2013	1,394,278	13.4	2.92
1986	355,777	0.6	3.48	2014	1,129,081	(19.0)	2.21
1987	346,185	(2.7)	3.37	2015	1,306,566	15.7	2.53
1988	389,822	12.6	3.15	2016	1,164,738	(10.9)	2.40
1989	399,303	2.4	3.09	2017	1,292,801	11.0	2.60
1990	400,358	0.3	2.94	2018	1,091,095	(15.6)	1.96
1991	593,968	48.4	3.98	2019	1,183,182	8.4	1.99
1992	533,005	(10.3)	3.36	2020	1,061,043	(10.3)	1.85
1993	564,367	5.9	3.32	2021	1,150,174	8.4	1.87
1994	518,714	(8.1)	2.86	2022	970,896	(15.6)	1.26
1995	579,644	11.7	3.07				
1996	505,522	(12.8)	2.56				
1997	593,121	17.3	2.80				
1998	498,070	(16.0)	2.20				
1999	558,949	12.2	2.37				

\* Revenue object code 3650 (relating to funds remitted under protest) was available through fiscal 2004 for use with this revenue source in calculating net collections

† No revenue deposited to trust



Source(s): Glenn Hegar, Texas Comptroller; US Treasury

## **CITY SALES TAX SERVICE FEES**

### **Revenue Object 3106**

#### **RATE AND BASE**

<i>State:</i>	Administrative services fee of 2% of the tax collections made in those cities that impose local option sales taxes
<i>Local:</i>	None
<i>Federal:</i>	None
<i>Major Exemptions:</i>	None

#### **ADMINISTRATION**

<i>Agency:</i>	Comptroller of Public Accounts
<i>No. of Fees Collected:</i>	1,169
<i>Payment Cycle:</i>	N/A
<i>Due Date:</i>	Assessed prior to monthly allocation of municipal sales tax to each city being made
<i>Remitted By:</i>	N/A

#### **LEGAL CITATION(S)**

Tax Code sec. 321.503

#### **ENACTED**

1967 by H.B. 207, 60th Leg.

#### **RATE AND BASE CHANGES**

#### **ALLOCATION**

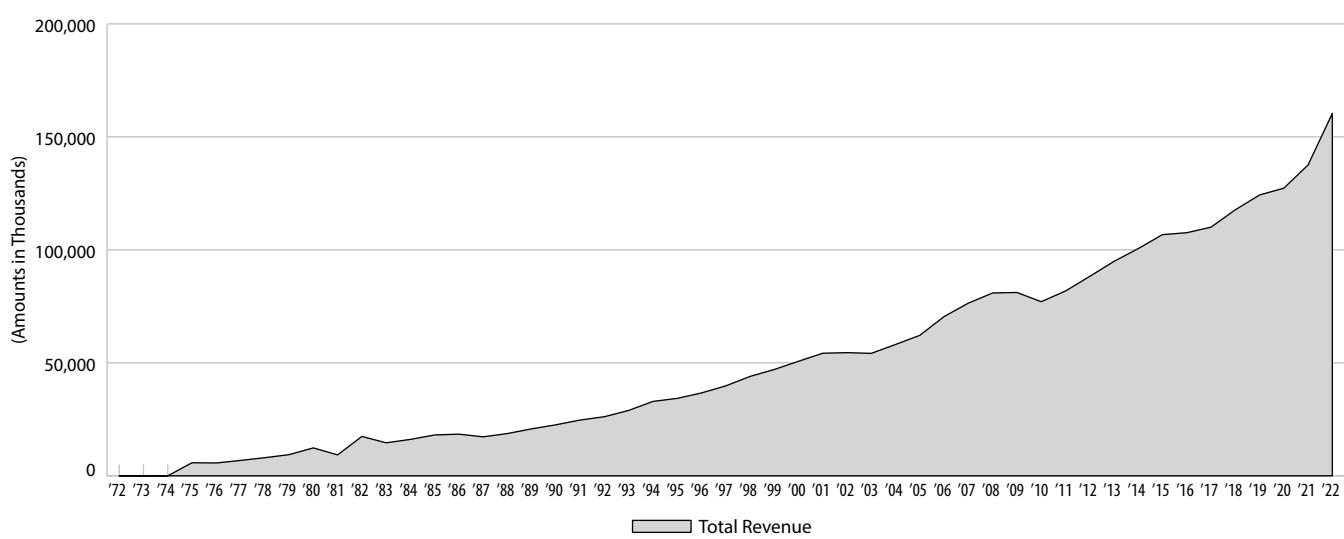
General Revenue Fund 0001 — 100%

**CITY SALES TAX SERVICE FEES (concluded)**  
**Revenue Object 3106**

**NET COLLECTIONS**  
(Amounts in Thousands)

Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Other Revenue	Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Other Revenue
1972	\$ 0	-	0.00	2000	\$ 50,697	7.7	0.52
1973	0	-	0.00	2001	54,249	7.0	0.51
1974	0	-	0.00	2002	54,502	0.5	0.51
1975	5,781	-	0.74	2003	54,186	(0.6)	0.48
1976	5,673	(1.9)	0.63	2004	58,134	7.3	0.48
1977	6,805	20.0	0.63	2005	62,181	7.0	0.47
1978	8,014	17.8	0.65	2006	70,483	13.4	0.50
1979	9,358	16.8	0.71	2007	76,429	8.4	0.48
1980	12,347	31.9	0.72	2008	80,919	5.9	0.42
1981	9,245	(25.1)	0.43	2009	81,136	0.3	0.52
1982	17,426	88.5	0.74	2010	77,056	(5.0)	0.51
1983	14,597	(16.2)	0.65	2011	81,770	6.1	0.48
1984	16,109	10.4	0.64	2012	88,246	7.9	0.50
1985	18,077	12.2	0.61	2013	94,891	7.5	0.51
1986	18,433	2.0	0.45	2014	100,550	6.0	0.51
1987	17,240	(6.5)	0.49	2015	106,743	6.2	0.51
1988	18,699	8.5	0.53	2016	107,591	0.8	0.46
1989	20,791	11.2	0.56	2017	110,044	2.3	0.47
1990	22,571	8.6	0.56	2018	117,720	7.0	0.47
1991	24,679	9.3	0.57	2019	124,282	5.6	0.47
1992	26,156	6.0	0.49	2020	127,292	2.4	0.49
1993	28,940	10.6	0.42	2021	137,571	8.1	0.51
1994	32,926	13.8	0.41	2022	160,356	16.6	0.48
1995	34,266	4.1	0.41				
1996	36,671	7.0	0.40				
1997	39,796	8.5	0.43				
1998	43,978	10.5	0.48				
1999	47,055	7.0	0.45				

<sup>†</sup> No revenue deposited to trust



Source(s): Glenn Hegar, Texas Comptroller

## **COURT COSTS**

### **Revenue Object 3704**

**RATE AND BASE**

<i>State:</i>	Various rates depending upon specific court cost. In many instances, and by category of offense, the court cost is: felony, \$185; class A or B misdemeanor, \$147; nonjailable misdemeanor, \$62
<i>Local:</i>	None; generally, local governments may retain 10% of collections as a service fee
<i>Federal:</i>	None
<i>Major Exemptions:</i>	None

**ADMINISTRATION**

<i>Agency:</i>	Comptroller of Public Accounts
<i>No. of Fees Collected:</i>	N/A
<i>Payment Cycle:</i>	Quarterly
<i>Due Date:</i>	Quarterly — last day of the month succeeding each calendar quarter
<i>Remitted By:</i>	City and county treasurers

**LEGAL CITATION(S)**

Texas Government Code, Chapter 102; Texas Local Government Code, Chapter 133  
Texas Code of Criminal Procedures, Chapter 102. Various other statutory codes and chapters.

**ENACTED**

Various dates depending on penalty

**RATE AND BASE CHANGES**

- 66th Legislature (1979) Additional fee for compensation to victims of crime (CVC), from \$10 to \$15 depending on offense  
67th Legislature (1981) CJP rates increased from \$5 to \$20, depending on offense  
68th Legislature (1983) CVC rates increased from \$15 to \$20, depending on offense; \$12.50 fee for CVC on certain misdemeanors.  
69th Legislature (1985) Reduced misdemeanor offense CVC fee from \$12.50 to \$3  
70th Legislature (1987) Expanded base for CVC to include a violation of a municipal ordinance  
71st Legislature (1989) Increased misdemeanor offense fee for violation of municipal ordinance for CVC from \$3 to \$5; added fee for abused children counseling from \$500 to \$1,000 for certain felony convictions  
72nd Legislature (1991) Additional fee for comprehensive rehabilitation from \$5 to \$25 on certain traffic offenses  
73rd Legislature (1993) Rates increased for CVC from \$15 to \$45 depending on offense  
75th Legislature (1997) Consolidated fees to single court case fee except for CVC; est. single "court cost for special services."  
77th Legislature (2001) Established fees, with a maximum of \$250 for certain offenses, related to DNA testing.  
78th Legislature (2003) EMS and Trauma Facilities/Fund. HB 2424: consolidated court fee, CVC Auxiliary, Sexual Assault Program Fund.  
80th Legislature (2007) Additional \$60 on class B misdemeanors or higher upon conviction for intoxication/drug offense.  
83rd Legislature (2013) \$5 on any criminal conviction for Statewide Electronic Filing System; \$2 in certain courts for Truancy Prevention.  
86th Legislature (2019) Rates increased for consolidated fees on conviction from \$133 to \$185 for felony convictions, \$83 to \$147 for class A or B misdemeanor convictions and \$40 to \$62 for nonjailable misdemeanor convictions

**ALLOCATION**

Many of these costs are split between several of the following funds and accounts:	
General Revenue Fund 0001	GR Account - Breath Alcohol Testing 5013
State Highway Fund 0006	GR Account - Center For Study and Prevention of Juvenile Crime and Delinquency 5029
Jury Service Fund 0328	GR Account - Fair Defense 5073
Judicial Fund 0573	GR Account - Correctional Management Institute and Criminal Justice Center 5083
Law Enforcement and Custodial Officer Supplement	GR Account - EMS, Trauma Facilities, Trauma Care Systems 5108
Retirement Trust Fund 0977	GR Account - Emergency Radio Infrastructure 5153
GR Account - Comprehensive Rehabilitation 0107	GR Account - Statewide Electronic Filing System 5157
GR Account - Texas Commission on Law Enforcement 0116	GR Account - Truancy Prevention and Diversion 5164
GR Account - Criminal Justice Planning 0421	GR Account - Specialty Court 5184
GR Account - Compensation To Victims of Crime 0469	GR Account - DNA Testing 5185
GR Account - Judicial and Court Personnel Training 0540	GR Account - Transportation Administrative Fee 5186
GR Account - Bill Blackwood Law Enforcement Management Institute 0581	
GR Account - Crime Stoppers Assistance 5012	

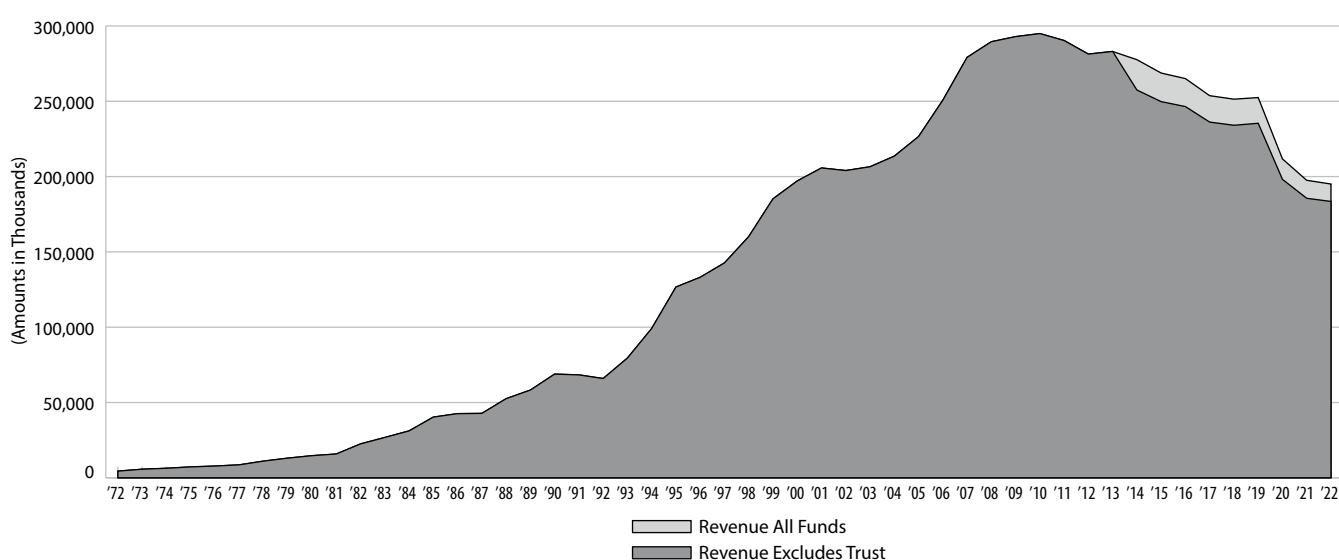
**COURT COSTS (concluded)**  
**Revenue Object 3704**

**NET COLLECTIONS**  
(Amounts in Thousands)

Year	Revenue All Funds	Revenue Excludes Trust	Percent Change	Percent of Other Revenue	Year	Revenue All Funds	Revenue Excludes Trust	Percent Change	Percent of Other Revenue
1972	\$ 4,439	\$ 4,439	-	0.86	2000	\$ 197,065	\$ 197,065	6.4	2.02
1973	5,702	5,702	-	1.01	2001	205,700	205,700	4.4	1.95
1974	6,322	6,322	-	0.92	2002	203,973	203,973	(0.8)	1.89
1975	7,236	7,236	-	0.93	2003	206,488	206,488	1.2	1.84
1976	7,799	7,799	-	0.86	2004	213,527	213,527	3.4	1.75
1977	8,597	8,597	-	0.79	2005	226,524	226,524	6.1	1.72
1978	11,080	11,080	-	0.90	2006	250,673	250,672	10.7	1.77
1979	13,046	13,046	-	0.99	2007	279,092	279,092	11.3	1.76
1980	14,688	14,688	-	0.86	2008	289,498	289,498	3.7	1.49
1981	15,793	15,793	-	0.74	2009	292,883	292,883	1.2	1.88
1982	22,496	22,496	-	0.96	2010	294,903	294,903	0.7	1.95
1983	26,769	26,769	-	1.20	2011	290,301	290,301	(1.6)	1.71
1984	31,124	31,124	-	1.24	2012 <sup>1</sup>	281,289	281,289	(3.1)	1.59
1985	40,290	40,290	-	1.35	2013	283,047	283,047	0.6	1.51
1986	42,598	42,598	-	1.05	2014	277,612	257,446	(9.0)	1.31
1987	42,753	42,753	-	1.22	2015	268,740	249,722	(3.0)	1.19
1988	52,512	52,512	-	1.49	2016	265,054	246,439	(1.3)	1.06
1989	58,244	58,244	10.9	1.57	2017	253,705	236,132	(4.2)	1.02
1990	68,833	68,833	18.2	1.70	2018	251,386	234,030	(0.9)	0.94
1991 <sup>2</sup>	68,328	68,324	(0.7)	1.59	2019	252,461	235,357	0.6	0.88
1992	65,901	65,901	(3.5)	1.22	2020	211,717	198,124	(15.8)	0.76
1993	79,478	79,478	20.6	1.15	2021	197,525	185,552	(6.3)	0.69
1994	99,118	99,118	24.7	1.23	2022	195,052	183,441	(1.1)	0.55
1995	126,628	126,628	27.8	1.50					
1996	133,120	133,120	5.1	1.47					
1997	142,640	142,640	7.2	1.53					
1998	160,133	160,132	12.3	1.73					
1999	185,189	185,189	15.6	1.78					

<sup>1</sup> Prior to 2012 object codes 3704, 3712, 3713 and 3721 were used in calculating the net collections. Beginning 2012 - 3712, 3713, and 3721 were inactivated and 3704 is used for all net collections.

<sup>2</sup> Minor amounts of fees deposited into Trust, \$3,600 in 1991, \$10 in 1997 and \$1,050 in 2006



Source(s): Glenn Hegar, Texas Comptroller

**COURT FINES**  
**Revenue Object 3710**

**RATE AND BASE**

<i>State:</i>	Not more than \$500 for contempt of court; \$50 state traffic fine; fines related to metal recycling of up to \$10,000; \$100 to \$250 for offense relating to use of seat belts; \$3,000 to \$6,000 for intoxication offense conviction; \$100 for misdemeanor drug offense; \$5 monthly supervision fine for persons granted community service for a conviction under §§ 21.08, 21.11, 22.011, 22.021, 25.02, 43.25 or 43.26, Penal Code.
<i>Local:</i>	In some instances, municipalities or counties may retain 5%-10% of collections as a service fee
<i>Federal:</i>	None
<i>Major Exemptions:</i>	None

**ADMINISTRATION**

<i>Agency:</i>	Comptroller of Public Accounts
<i>No. of Fees Collected:</i>	N/A
<i>Payment Cycle:</i>	N/A
<i>Due Date:</i>	Varies. As determined by the court, upon receipt, quarterly or annually, depending on the fine
<i>Remitted By:</i>	Municipality or county

**LEGAL CITATION(S)**

Government Code sec. 21.002  
Transportation Code sec. 542.4031, 545.412-545.413  
Occupation Code sec. 1956.040  
Water Code sec. 7.190

**ENACTED**

Various, depending on the fine. Beginning with contempt of court fine in 1892

**RATE AND BASE CHANGES**

75th Legislature (1997) Added fines related to Water Code violations  
77th Legislature (2001) Added seat belt/child safety belt fine  
78th Legislature (2003) Added state traffic fine  
82nd Legislature (2011) Added metal recycling fee  
86th Legislature (2019) Added \$100 intoxication offense conviction fine which was previously collected as revenue object 3704, Court Costs.  
87th Legislature (2021) Added \$100 drug offense conviction fine.

**ALLOCATION**

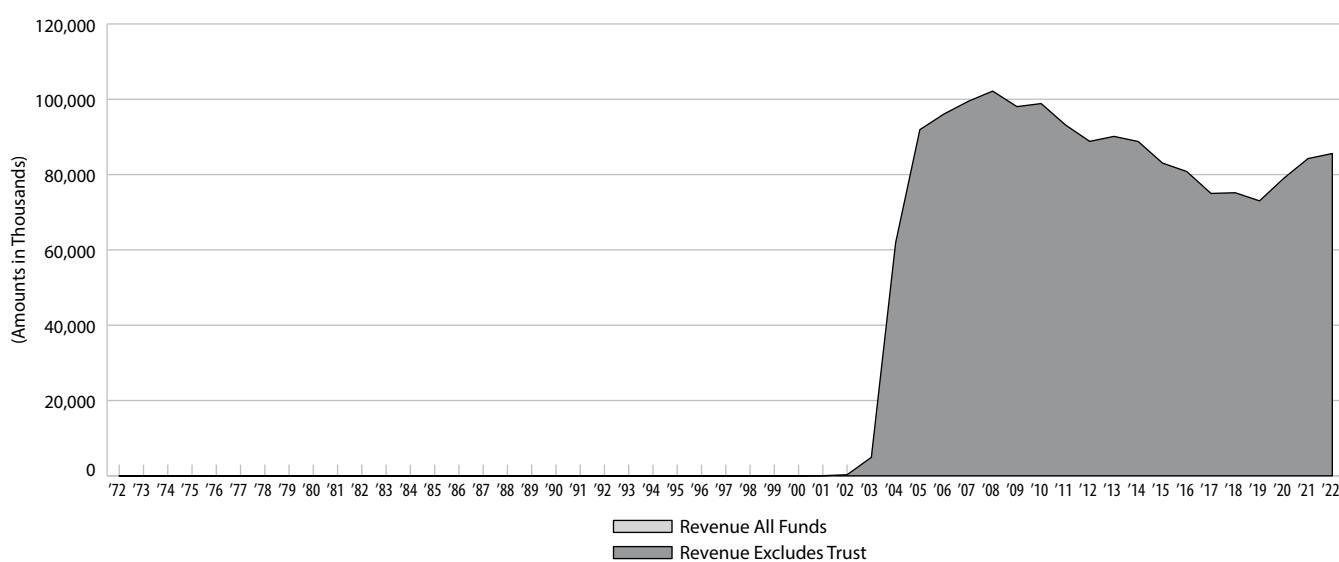
State \$30 Traffic Fine:  
General Revenue Fund 0001 — 67%  
GR Account - Designated Trauma Facility and EMS 5111 — 33%  
Note: In the event proceeds from the \$30 state traffic fine combined with those of the driver point surcharge program exceed \$250 million in a year, the excess is deposited to the Texas Mobility Fund 0365  
All Other Court Fines:  
General Revenue Fund 0001 — 100%

**COURT FINES (concluded)**  
**Revenue Object 3710**

**NET COLLECTIONS**  
(Amounts in Thousands)

Year	Revenue All Funds	Revenue Excludes Trust	Percent Change	Percent of Other Revenue	Year	Revenue All Funds	Revenue Excludes Trust	Percent Change	Percent of Other Revenue
1972	\$ 0	\$ 0	-	0.00	2000	\$ 3	\$ 3	(159.0)	0.00
1973	0	0	-	0.00	2001	42	42	1,528.5	0.00
1974	0	0	-	0.00	2002	289	289	581.4	0.00
1975	0	0	-	0.00	2003	4,911	4,911	1,602.2	0.04
1976	0	0	-	0.00	2004	61,859	61,859	1,159.6	0.51
1977	0	0	-	0.00	2005	91,933	91,933	48.6	0.70
1978	0	0	-	0.00	2006	96,108	96,108	4.5	0.68
1979	0	0	-	0.00	2007	99,465	99,465	3.5	0.63
1980	0	0	-	0.00	2008	102,170	102,170	2.7	0.53
1981	0	0	-	0.00	2009	98,044	98,044	(4.0)	0.63
1982	0	0	-	0.00	2010	98,861	98,861	0.8	0.65
1983	0	0	-	0.00	2011	93,188	93,188	(5.7)	0.55
1984	1	1	87.3	0.00	2012	88,816	88,816	(4.7)	0.50
1985	2	2	169.7	0.00	2013	90,143	90,143	1.5	0.48
1986	1	1	(28.7)	0.00	2014	88,783	88,783	(1.5)	0.45
1987	2	2	59.7	0.00	2015	83,060	83,060	(6.4)	0.39
1988	2	2	(13.6)	0.00	2016	80,809	80,809	(2.7)	0.35
1989	3	3	58.5	0.00	2017	74,992	74,992	(7.2)	0.32
1990 <sup>1</sup>	3	3	6.3	0.00	2018	75,178	75,178	0.2	0.30
1991	3	3	(14.9)	0.00	2019	73,019	73,019	(2.9)	0.27
1992	1	1	(75.4)	0.00	2020	79,018	79,018	8.2	0.30
1993	3	3	358.6	0.00	2021	84,251	84,251	6.6	0.31
1994	1	1	(62.6)	0.00	2022	85,598	85,598	1.6	0.26
1995	2	2	45.8	0.00					
1996	2	2	34.3	0.00					
1997	4	4	76.6	0.00					
1998	10	10	147.1	0.00					
1999	(4)	(4)	(143.0)	(0.00)					

<sup>1</sup> Only one refund of a Court Fine was recorded to a Trust in 1990 for (\$795.90)



Source(s): Glenn Hegar, Texas Comptroller

## CREDIT CARD AND ELECTRONIC SERVICES RELATED FEES

### Revenue Object 3879

#### RATE AND BASE

<i>State:</i>	Amounts will vary for the use of a credit, charge or debit card to pay fees and penalties; fees related to electronic service transactions, including processing and convenience fees as well as cost recovery fees in relation to the State Electronic Internet Portal project.
<i>Local:</i>	None
<i>Federal:</i>	None
<i>Major Exemptions:</i>	None

#### ADMINISTRATION

<i>Agency:</i>	Various authorized state agencies
<i>No. of Fees Collected:</i>	N/A
<i>Payment Cycle:</i>	N/A
<i>Due Date:</i>	At time payment is remitted
<i>Remitted By:</i>	Users of Credit Cards

#### LEGAL CITATION(S)

Government Code sec. 403.023, 2054.2591

#### ENACTED

H.B. 2048, 79th Leg., R.S.

#### RATE AND BASE CHANGES

#### ALLOCATION

The appropriated fund or account

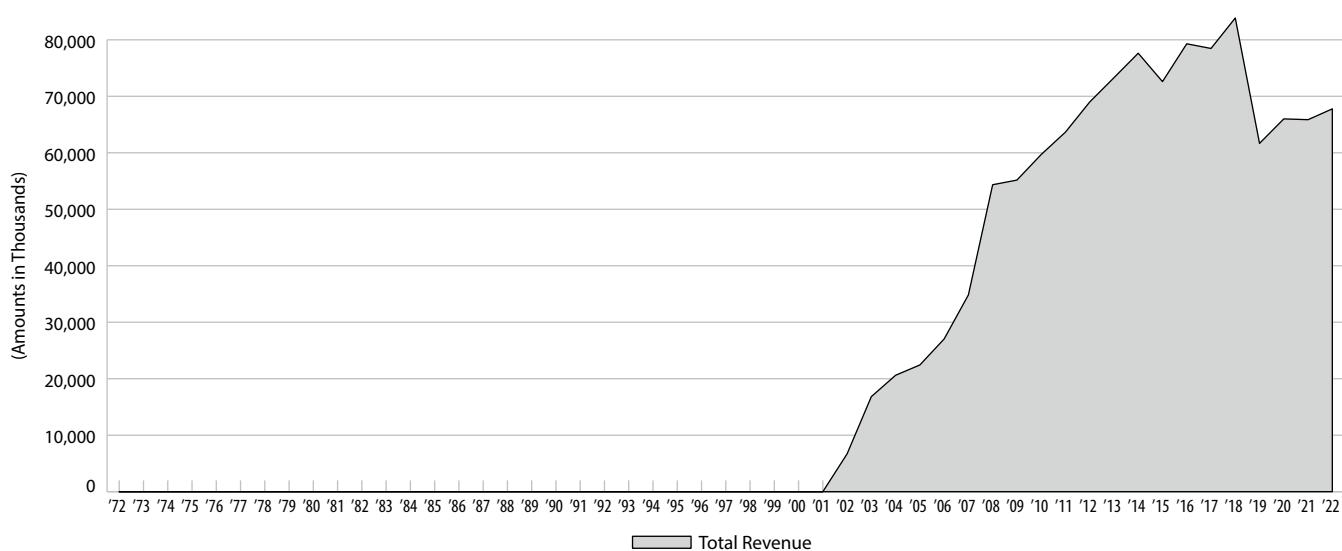
**CREDIT CARD AND ELECTRONIC SERVICES RELATED FEES (concluded)**  
**Revenue Object 3879**

**NET COLLECTIONS**  
(Amounts in Thousands)

Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Other Revenue	Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Other Revenue
1972	\$ 0	-	0.00	2000	\$ 0	-	0.00
1973	0	-	0.00	2001	0	-	0.00
1974	0	-	0.00	2002 <sup>1</sup>	6,695	-	0.06
1975	0	-	0.00	2003	16,834	151.4	0.15
1976	0	-	0.00	2004	20,613	22.4	0.17
1977	0	-	0.00	2005	22,436	8.8	0.17
1978	0	-	0.00	2006	27,037	20.5	0.19
1979	0	-	0.00	2007	34,836	28.8	0.22
1980	0	-	0.00	2008	54,344	56.0	0.28
1981	0	-	0.00	2009	55,166	1.5	0.35
1982	0	-	0.00	2010	59,691	8.2	0.39
1983	0	-	0.00	2011	63,656	6.6	0.37
1984	0	-	0.00	2012	68,989	8.4	0.39
1985	0	-	0.00	2013	73,291	6.2	0.39
1986	0	-	0.00	2014	77,628	5.9	0.39
1987	0	-	0.00	2015	72,600	(6.5)	0.34
1988	0	-	0.00	2016	79,296	9.2	0.34
1989	0	-	0.00	2017	78,469	(1.0)	0.34
1990	0	-	0.00	2018	83,861	6.9	0.34
1991	0	-	0.00	2019	61,667	(26.5)	0.23
1992	0	-	0.00	2020	66,000	7.0	0.25
1993	0	-	0.00	2021	65,860	(0.2)	0.24
1994	0	-	0.00	2022	67,777	2.9	0.20
1995	0	-	0.00				
1996	0	-	0.00				
1997	0	-	0.00				
1998	0	-	0.00				
1999	0	-	0.00				

<sup>†</sup> No revenue deposited to trust

<sup>1</sup> Prior to fiscal 2002, revenue object code 3879 was used for Amortization of Premium or Discounts on Notes and Certificates of Deposits and not used in calculating the net collections for this revenue source.



Source(s): Glenn Hegar, Texas Comptroller

**DIESEL FUEL TAX**  
**Revenue Object 3008 \***

**RATE AND BASE**

<i>State:</i>	20 cents per gallon (eligible transit companies qualify for a refund of one-half cent per gallon)
<i>Local:</i>	None
<i>Federal:</i>	\$0.244 per gallon
<i>Major Exemptions:</i>	Federal government; aircraft and aircraft servicing equipment; scheduled inter-city bus routes; volunteer fire departments; Texas public school districts; commercial transportation companies and/or certain metropolitan rapid transit authorities providing public school transportation services to Texas school districts; diesel fuel used as feedstock in manufacturing certain tangible personal property; exemptions available for agricultural/industrial/commercial, marine, railway engine and off-road uses only if dyed diesel fuel is used

**ADMINISTRATION**

<i>Agency:</i>	Comptroller of Public Accounts
<i>Number of Taxpayers:</i>	3,330 (not including interstate truckers)
<i>Payment Cycle:</i>	Suppliers, permissive suppliers, distributors, importers, exporters and blenders — monthly; dyed diesel fuel bonded users and International Fuel Tax Agreement (IFTA) licensees — quarterly; Interstate truckers (except IFTA licensed) — quarterly or yearly if qualified
<i>Due Date:</i>	Monthly — 25th day of the month for taxes collected during the preceding month Quarterly — 25th day of the month succeeding each calendar quarter
<i>Remitted By:</i>	Suppliers, permissive suppliers, distributors, importers, exporters, blenders, dyed diesel fuel bonded users, interstate truckers and IFTA licensees

**LEGAL CITATION(S)**

Texas Tax Code, §§ 162.201, 162.202, 162.204, 162.205, 162.215, 162.227

**ENACTED**

47th Legislature (1941) 8 cents per gallon

**RATE AND BASE CHANGES**

48th Legislature (1943) 6 cents per gallon
54th Legislature (1955) 6.5 cents per gallon
67th Legislature (1981) 5 cent rate reduction for certified transit companies (eff. 1/1/82)
68th Legislature (1984) 10 cents per gallon (eff. 8/1/84)
69th Legislature (1986) 15 cents per gallon (eff. 1/1/87 to 8/31/87)
70th Legislature (1987) 15 cents per gallon (eff. 9/1/87)
72nd Legislature (1991) 20 cents per gallon (eff. 10/1/91)

**ALLOCATION**

After deductions for refunds, administration and enforcement:

Available School Fund 0002 — 25% of balance
State Highway Fund 0006 — 75% of balance

**DIESEL FUEL TAX (concluded)**  
**Revenue Object 3008 \***

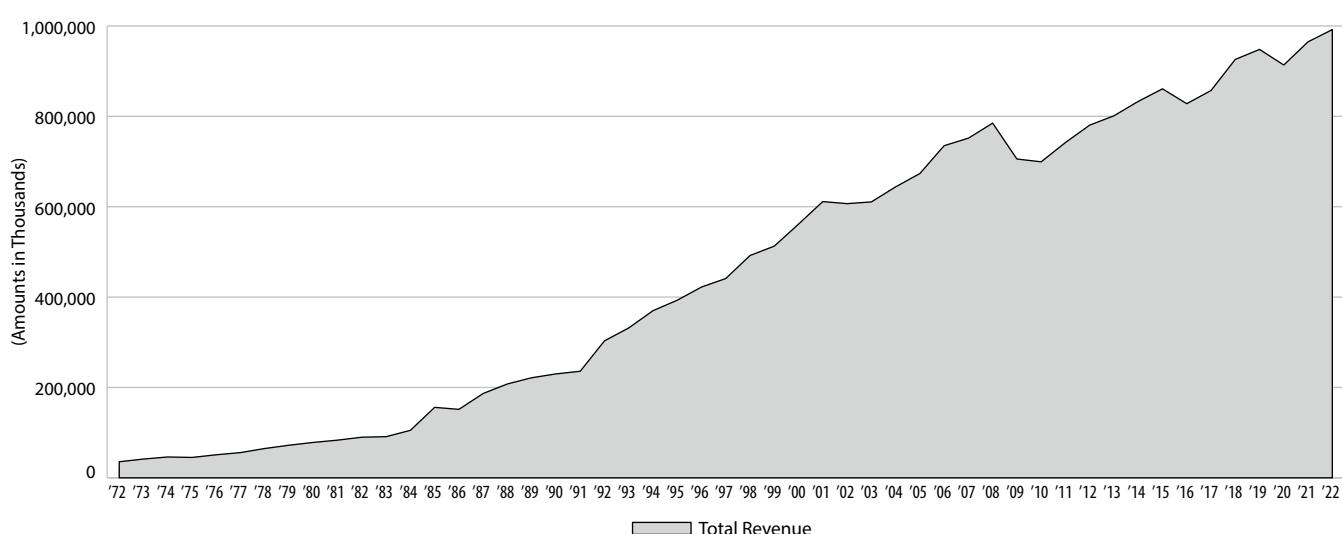
**NET COLLECTIONS**  
(Amounts in Thousands)

Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Taxes	Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Taxes
1972	\$ 35,616	-	1.52	2000	\$ 561,560	9.5	2.22
1973	41,571	16.7	1.61	2001	611,355	8.9	2.25
1974	46,172	11.1	1.53	2002	606,788	(0.7)	2.31
1975	45,125	(2.3)	1.34	2003	610,556	0.6	2.34
1976	51,012	13.0	1.30	2004	643,894	5.5	2.31
1977	55,874	9.5	1.26	2005	673,431	4.6	2.26
1978	64,937	16.2	1.29	2006	735,018	9.1	2.19
1979	72,162	11.1	1.34	2007	751,645	2.3	2.03
1980	78,383	8.6	1.24	2008	784,927	4.4	1.90
1981	83,416	6.4	1.08	2009	705,541	(10.1)	1.87
1982	89,908	7.8	1.04	2010	699,331	(0.9)	1.98
1983	91,078	1.3	1.07	2011	742,027	6.1	1.91
1984	105,100	15.4	1.13	2012	780,517	5.2	1.77
1985	155,938	48.4	1.45	2013	801,212	2.7	1.68
1986	151,548	(2.8)	1.48	2014	832,978	4.0	1.63
1987	186,672	23.2	1.82	2015	860,887	3.4	1.67
1988	207,780	11.3	1.68	2016	827,967	(3.8)	1.71
1989	221,482	6.6	1.72	2017	857,093	3.5	1.73
1990	229,979	3.8	1.69	2018	925,935	8.0	1.67
1991	235,859	2.6	1.58	2019	948,047	2.4	1.60
1992	303,118	28.5	1.91	2020	913,552	(3.6)	1.59
1993	331,707	9.4	1.95	2021	964,924	5.6	1.57
1994	369,921	11.5	2.04	2022	991,921	2.8	1.28
1995	393,065	6.3	2.08				
1996	422,225	7.4	2.14				
1997	441,089	4.5	2.08				
1998	491,995	11.5	2.17				
1999	512,804	4.2	2.17				

\* Revenue object code 3651 (relating to funds remitted under protest) was available through fiscal 2004 for use with this revenue source in calculating net collections

† No revenue deposited to trust

<sup>1</sup> Includes Liquefied Gas tax receipts from fiscal 1972 through 1979



Source(s): Glenn Hegar, Texas Comptroller

## **DRIVER RECORD INFORMATION FEES**

### **Revenue Object 3027**

#### **RATE AND BASE**

<i>State:</i>	\$6 per request for conviction/accident records; Driver record reports are from \$2.50 to \$2,000 and over, depending on the information requested
<i>Local:</i>	None
<i>Federal:</i>	None
<i>Major Exemptions:</i>	Law enforcement and other government agencies

#### **ADMINISTRATION**

<i>Agency:</i>	Texas Department of Public Safety (DPS) and Texas Department of Transportation (TxDOT)
<i>No. of Fees Collected:</i>	N/A
<i>Payment Cycle:</i>	Daily
<i>Due Date:</i>	Daily
<i>Remitted By:</i>	TxDOT (accident reports) and DPS (driver record reports); fees for both collected from insurance carriers and other entities

#### **LEGAL CITATION(S)**

Texas Transportation Code, §§ 521.045 - 521.058, 550.065, Code of Criminal Procedure, § 45.0511 (c-1)

#### **ENACTED**

56th Legislature (1959) \$0.25 to \$1 per request

#### **RATE AND BASE CHANGES**

61st Legislature (1970)	\$2 per accident report
62nd Legislature (1971)	Increased fees ranging from \$1 to \$3 per request; discounts for large volume
68th Legislature (1983)	Increased accident report fee to \$4
69th Legislature (1985)	Increased driver record fees
72nd Legislature (1991)	Increased driver record fees
73rd Legislature (1993)	Added fee to not release address; temporary 15% increase in accident report fees
75th Legislature (1997)	Certain fees reduced by \$0.50 to \$1.50; created an interactive driver records data base
77th Legislature (2001)	Increased fee for magnetic tape sales of driver record info to \$2,000 and to \$75 for weekly updates (eff. 9/1/01); increased officer accident report fee to \$6
78th Legislature (2003)	Set fee of \$20 for certified abstract of complete driving record (eff. 9/1/03); changed allocation of driver record fee to Texas Mobility Fund 0365 (eff. 9/1/05)
79th Legislature (2005)	Delayed allocation of driver record fees to Texas Mobility Fund 0365 for one year
81st Legislature (2009)	Extended \$6 fee to cover accident report information provided by TxDOT in annual reports required by 80th Legislature

#### **ALLOCATION**

General Revenue Fund 0001 — \$6 accident report

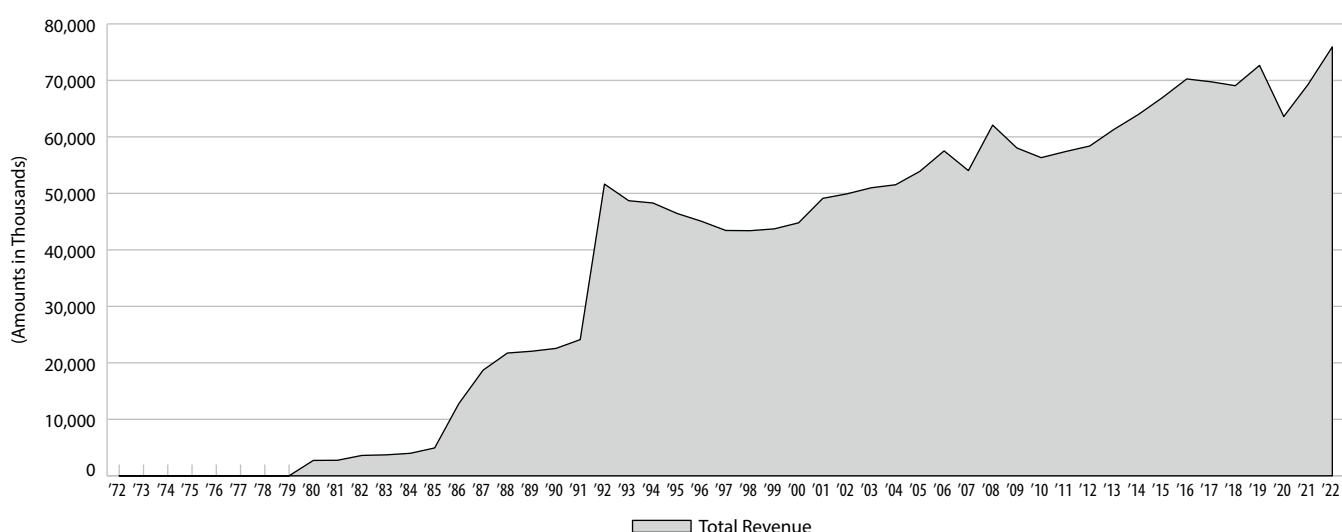
Texas Mobility Fund 0365 — All remaining (i.e., driver record) fees

**DRIVER RECORD INFORMATION FEES (concluded)**  
**Revenue Object 3027**

**NET COLLECTIONS**  
(Amounts in Thousands)

Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Other Revenue	Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Other Revenue
1972	\$ 0	-	0.00	2000	\$ 44,785	2.4	0.46
1973	0	-	0.00	2001	49,120	9.7	0.46
1974	0	-	0.00	2002	49,920	1.6	0.46
1975	0	-	0.00	2003	50,993	2.2	0.45
1976	0	-	0.00	2004	51,524	1.0	0.42
1977	0	-	0.00	2005	53,901	4.6	0.41
1978	0	-	0.00	2006	57,524	6.7	0.41
1979	0	-	0.00	2007	54,026	(6.1)	0.34
1980	2,724	-	0.16	2008	62,087	14.9	0.32
1981	2,752	1.0	0.13	2009	58,035	(6.5)	0.37
1982	3,606	31.1	0.15	2010	56,322	(3.0)	0.37
1983	3,707	2.8	0.17	2011	57,399	1.9	0.34
1984	3,983	7.5	0.16	2012	58,383	1.7	0.33
1985	4,930	23.8	0.17	2013	61,321	5.0	0.33
1986	12,800	159.6	0.32	2014	63,947	4.3	0.32
1987	18,711	46.2	0.54	2015	66,962	4.7	0.32
1988	21,735	16.2	0.62	2016	70,254	4.9	0.30
1989	22,051	1.5	0.59	2017	69,753	(0.7)	0.30
1990	22,551	2.3	0.56	2018	69,065	(1.0)	0.28
1991	24,107	6.9	0.56	2019	72,657	5.2	0.27
1992	51,646	114.2	0.96	2020	63,608	(12.5)	0.24
1993	48,697	(5.7)	0.70	2021	69,279	8.9	0.26
1994	48,292	(0.8)	0.60	2022	75,940	9.6	0.23
1995	46,430	(3.9)	0.55				
1996	45,056	(3.0)	0.50				
1997	43,431	(3.6)	0.47				
1998	43,393	(0.1)	0.47				
1999	43,715	0.7	0.42				

<sup>†</sup> No revenue deposited to trust



Source(s): Glenn Hegar, Texas Comptroller; Texas Department of Public Safety

## **DRIVER'S LICENSE FEES**

### **Revenue Object 3025**

**RATE AND BASE**

<i>State:</i>	\$32 for 8-year operator license, \$47 with motorcycle; \$96 for commercial license (CDL); \$11 duplicate license; \$121 non-resident CDL w/various expiration dates; \$25 temporary non-resident CDL; \$20 for individuals part of the Sex Offender Registration Program; \$10 occupational license valid 1 year; original operator and CDL issued to persons 85+ expire in 2 years; personal identification certificate \$16 or \$6 for person 60+; \$100 or \$125 reinstatement fee; \$61 for hazardous materials endorsement valid 5 years; \$11 duplicate license or ID card
<i>Local:</i>	None
<i>Federal:</i>	None
<i>Major Exemptions:</i>	Disabled veterans

**ADMINISTRATION**

<i>Agency:</i>	Texas Department of Public Safety (DPS)
<i>No. Fees Collected Annually:</i>	7,050,196
<i>Payment Cycle:</i>	Six-year renewal (standard operator's license)
<i>Due Date:</i>	Renewals — on or before birthday of vehicle operator
<i>Remitted By:</i>	Vehicle operators

**LEGAL CITATION(S)**

Texas Transportation Code, Title 7, Subtitle B, Chapters 521 and 522

**ENACTED**

44th Legislature (1935)

**RATE AND BASE CHANGES**

- Various rate increases between 1935 and 1970
- 62nd Legislature (1971) Increased operator license to \$7, commercial license to \$10, chauffeurs license to \$13 and set occupational license at \$3
- 68th Legislature (1983) Increased operator license to \$10, motorcycle to \$10, and occupational to \$10
- 69th Legislature (1985) Increased operator and commercial licenses to \$16
- 71st Legislature (1989) Increased commercial license to \$40, increased motorcycle to \$16
- 75th Legislature (1997) Increased operator license to \$24, motorcycle to \$32, and commercial to \$60 (license term extension—to 6 years—and corresponding fee increase to be phased in by DPS)
- 76th Legislature (1999) Increased certain reinstatement fees to \$100 from \$50
- 78th Legislature (2003) Changed allocation of driver's license fees to Texas Mobility Fund 0365 (eff. 9/1/05)
- 79th Legislature (2005) Delayed allocation of driver's license fees to Texas Mobility Fund 0365 for 2 years
- 80th Legislature (2007) Special renewal periods for age 85+, for persons age 79+ no applications/renewals by mail/ electronic means; added \$1 voluntary fee on issuance/renewal to fund blindness education/screening/treatment program, donor education, awareness and registry program or Texas Organ, Tissue and Eye Donor Council
- 81st Legislature (2009) Increased reinstatement fee \$50 to \$100 for motor vehicle offenses; established fee of \$24 for license/personal ID certificate issued to non-citizen for one year; prohibited issuance of a license to persons under 25 unless they present a certificate of completion from an approved driver education course
- 82nd Legislature (2011) Added personal ID certificate to documents exempt from fee for disabled veterans
- 86th Legislature (2019) Added commercial driver's license hazardous materials endorsement fee; Exemptions for foster youth and individuals with CPR certification added; Moped fees eliminated
- 87th Legislature (2021) Added exemptions for family violence victims

**ALLOCATION**

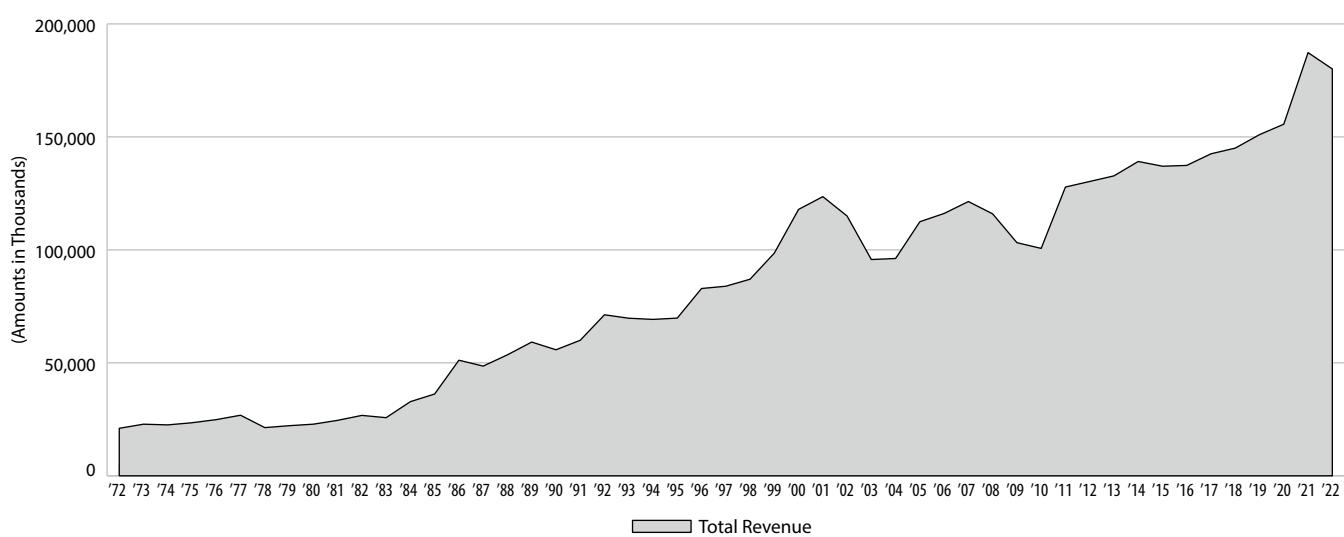
- Each motorcycle license:
- Motorcycle Education Fund 0501 — \$5
  - Texas Mobility Fund 0365 — remaining balance
  - General Revenue Fund 0001 — all voluntary fees
- All other driver license fees:
- Texas Mobility Fund 0365 — 100%
  - General Revenue Fund 0001 — all voluntary fees

**DRIVER'S LICENSE FEES (concluded)**  
**Revenue Object 3025**

**NET COLLECTIONS**  
(Amounts in Thousands)

Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Other Revenue	Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Other Revenue
1972	\$ 21,016	-	4.09	2000	\$ 117,896	19.6	1.21
1973	22,841	8.7	4.03	2001	123,557	4.8	1.17
1974	22,532	(1.4)	3.26	2002	114,973	(6.9)	1.07
1975	23,479	4.2	3.01	2003	95,718	(16.7)	0.85
1976	24,860	5.9	2.75	2004	96,183	0.5	0.79
1977	26,807	7.8	2.47	2005	112,455	16.9	0.85
1978	21,327	(20.4)	1.73	2006	116,109	3.2	0.82
1979	22,168	3.9	1.68	2007	121,384	4.5	0.77
1980	22,846	3.1	1.34	2008	115,927	(4.5)	0.60
1981	24,542	7.4	1.15	2009	103,181	(11.0)	0.66
1982	26,733	8.9	1.14	2010	100,639	(2.5)	0.67
1983	25,724	(3.8)	1.15	2011	127,803	27.0	0.75
1984	32,816	27.6	1.31	2012	130,263	1.9	0.74
1985	36,197	10.3	1.22	2013	132,743	1.9	0.71
1986	51,157	41.3	1.26	2014	139,114	4.8	0.71
1987	48,547	(5.1)	1.39	2015	137,020	(1.5)	0.65
1988	53,542	10.3	1.52	2016	137,371	0.3	0.59
1989	59,190	10.5	1.60	2017	142,513	3.7	0.61
1990	55,771	(5.8)	1.37	2018	145,031	1.8	0.58
1991	59,969	7.5	1.39	2019	150,995	4.1	0.57
1992	71,259	18.8	1.32	2020	155,619	3.1	0.60
1993	69,743	(2.1)	1.01	2021	187,285	20.3	0.69
1994	69,217	(0.8)	0.86	2022	180,069	(3.9)	0.54
1995	69,796	0.8	0.83				
1996	82,894	18.8	0.91				
1997	83,896	1.2	0.90				
1998	87,005	3.7	0.94				
1999	98,548	13.3	0.94				

<sup>†</sup> No revenue deposited to trust



Source(s): Glenn Hegar, Texas Comptroller; Texas Department of Public Safety; U.S. Department of Transportation

## **FEES - ADMINISTRATIVE SERVICES**

### **Revenue Objects 3727**

#### **RATE AND BASE**

<i>State:</i>	State agencies may collect fees to cover certain administrative costs. Fees vary depending on service and/or agency
<i>Local:</i>	None
<i>Federal:</i>	None
<i>Major Exemptions:</i>	None

#### **ADMINISTRATION**

<i>Agency:</i>	Various
<i>No. of Fees Collected:</i>	N/A
<i>Payment Cycle:</i>	
<i>Due Date:</i>	Various or as determined by the agency. Depending on the fee
<i>Remitted By:</i>	Licensees, individuals, businesses, government agencies, and other entities

#### **LEGAL CITATION(S)**

#### **ENACTED**

Various enactment dates depending on the fee

#### **RATE AND BASE CHANGES**

Various, depending on the fee

#### **ALLOCATION**

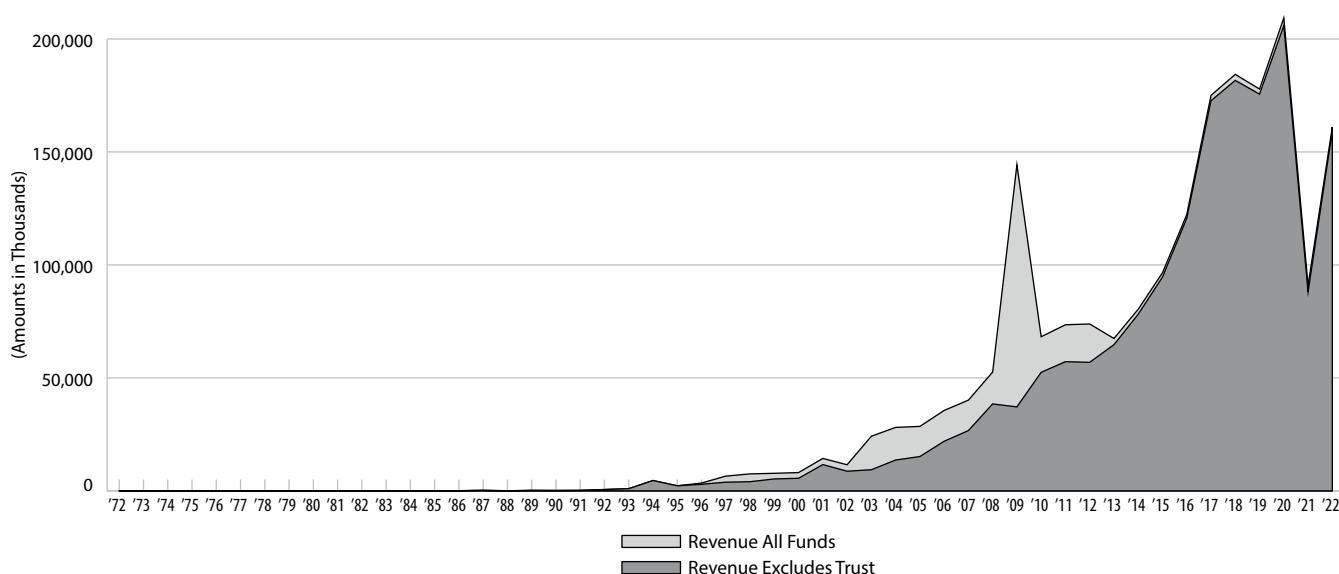
Various, depending on the fee

**FEES - ADMINISTRATIVE SERVICES (concluded)**  
**Revenue Objects 3727**

**NET COLLECTIONS**  
(Amounts in Thousands)

Year	Revenue All Funds	Revenue Excludes Trust	Percent Change	Percent of Other Revenue	Year	Revenue All Funds	Revenue Excludes Trust	Percent Change	Percent of Other Revenue
1972	\$ 31	\$ 31	-	0.01	2000	\$ 8,092	\$ 5,564	5.5	0.06
1973	12	12	(61.9)	0.00	2001	14,356	11,626	108.9	0.11
1974	13	13	9.0	0.00	2002	11,545	8,695	(25.2)	0.08
1975	16	16	28.2	0.00	2003	24,174	9,351	7.5	0.08
1976	10	10	(37.2)	0.00	2004	28,085	13,636	45.8	0.11
1977	13	13	26.4	0.00	2005	28,526	15,187	11.4	0.12
1978	11	11	(12.6)	0.00	2006	35,582	21,938	44.5	0.16
1979	19	19	67.3	0.00	2007	40,142	26,677	21.6	0.17
1980	27	27	39.9	0.00	2008	52,573	38,460	44.2	0.20
1981	19	19	(29.3)	0.00	2009 <sup>1</sup>	144,318	37,170	(3.4)	0.24
1982	18	18	(7.3)	0.00	2010	68,217	52,470	41.2	0.35
1983	34	34	92.5	0.00	2011	73,510	57,178	9.0	0.34
1984	31	31	(8.1)	0.00	2012	73,860	56,888	(0.5)	0.32
1985	44	44	42.4	0.00	2013	67,444	64,695	13.7	0.35
1986	69	69	56.2	0.00	2014	80,381	78,190	20.9	0.40
1987	246	246	256.7	0.01	2015	96,523	94,639	21.0	0.45
1988	36	36	(85.2)	0.00	2016	122,246	120,636	27.5	0.52
1989	214	214	489.2	0.01	2017	175,037	172,679	43.1	0.74
1990	168	168	(21.4)	0.00	2018	184,329	181,671	5.2	0.73
1991	219	219	29.8	0.01	2019	177,833	175,584	(3.4)	0.66
1992	584	584	166.9	0.01	2020	209,278	205,905	17.3	0.79
1993	968	968	65.9	0.01	2021	90,928	88,053	(57.2)	0.33
1994	4,560	4,560	371.1	0.06	2022	161,066	159,329	80.9	0.48
1995	2,243	2,240	(50.9)	0.03					
1996	3,459	2,912	30.0	0.03					
1997	6,515	3,842	31.9	0.04					
1998	7,509	4,057	5.6	0.04					
1999	7,763	5,272	30.0	0.05					

<sup>1</sup> Fiscal year 2009 Revenue All Funds included \$94,369 belonging to another source



Source(s): Glenn Hegar, Texas Comptroller

## **FRANCHISE TAX**

### **Revenue Objects 3130 and 3131**

**RATE AND BASE**

<i>State:</i>	0.75 percent of a firm's Texas-apportioned "margin" defined as total revenue less the greater of: (1) the cost of goods sold, (2) total compensation, (3) 30% of total revenue, or (4) \$1 million; a rate of 0.375% applies to specific businesses in retail and wholesale trade
<i>Local:</i>	None
<i>Federal:</i>	None; a federal corporate income tax, however, is levied at a flat rate of 21% of net income.
<i>Major Exemptions:</i>	Insurance companies, open-end investment companies, interest earnings on federal securities, certain non-profit businesses, passive entities, business loss carryover credit, small businesses with owing less than \$1,000 or with total revenue less than \$1 million (adjusted for inflation)

**ADMINISTRATION**

<i>Agency:</i>	Comptroller of Public Accounts
<i>Number of Taxpayers:</i>	2,551,687
<i>Payment Cycle:</i>	Annually
<i>Due Date:</i>	May 15th of each year, with an available extension until November 15th
<i>Remitted By:</i>	Corporations and limited liability companies; partnerships, trusts and other business forms

**LEGAL CITATION(S)**

Texas Tax Code, Chapter 171

**ENACTED**

30th Legislature (1907) \$0.50 per \$1,000 of taxable capital

**RATE AND BASE CHANGES**

There were seven rate increases and two rate reduction between 1938 and 1971

62nd Legislature (1971) Raised surtax to \$1.75 (effective rate \$4.50); surtax dropped by \$0.25 to \$1.50 (effective rate \$4.25) from 1972 to 1974

64th Legislature (1975) \$4.25 basic rate — \$55 minimum tax; debt became exempt; no surtax

68th Legislature (1984) \$5.25 basic rate — \$68 minimum tax; banks became taxable (eff. 5/1/85)

70th Legislature (1987) \$5.25 basic rate plus \$1.45 surtax — \$150 minimum tax effective for 1988 and 1989 reports; rate reverted to \$5.25 with no surtax — \$68 minimum tax for reports due in 1990

72nd Legislature (1991) \$2.50 per \$1,000 of taxable capital and amount, if any, by which a tax of 4.5% on earned surplus exceeds the tax on capital

79th Legislature, 3rd Called Session (2006) One percent of a firm's Texas-apportioned "margin," defined as total revenue less the greater of the cost of goods sold, total compensation, or 30% of total revenue; a half-rate of 0.5% applies to businesses in retail and wholesale trade (eff. 01/01/08)

82nd Legislature, 1st Called Session (2013) Tax Refund for Economic Development, Reinvestment Zone/Abatement Agreement (Revenue Object 3804) was repealed

83rd Legislature (2013) Temporary tax rates of 0.975% in 2014 and 0.95% in 2015 for most taxpayers; 0.4875% in 2014 and 0.475% in 2015 for businesses in retail or wholesale trades; a fourth margin calculation of Total Revenue minus \$1 million is available (eff. 1/1/14)

84th Legislature (2015) Tax rates permanently reduced to 0.75% for most taxpayers and 0.375% for businesses in retail or wholesale trades (eff. 1/1/16)

**ALLOCATION**

General Revenue Fund 0001 — The revenue Comptroller estimates would have been generated if the law in effect on August 31, 2007 had continued for that fiscal year

Property Tax Relief Fund 0304 — The amount, if any, by which revenue generated under the law as applicable during the given fiscal year exceeds revenue Comptroller estimates would have been generated if the law in effect on August 31, 2007 had continued for that fiscal year

**FRANCHISE TAX (concluded)**  
**Revenue Objects 3130 and 3131**

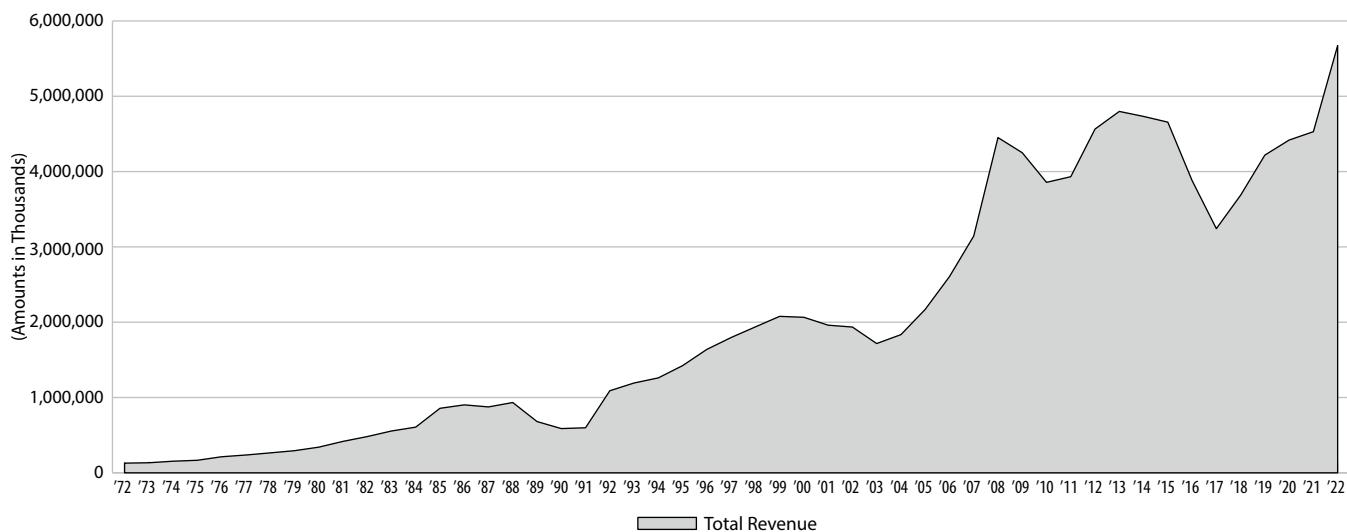
**NET COLLECTIONS**  
(Amounts in Thousands)

Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Taxes	Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Taxes
1972	\$ 128,781	-	5.49	2000	\$ 2,065,276	(0.6)	8.17
1973	133,813	3.9	5.18	2001	1,960,365	(5.1)	7.20
1974	154,480	15.4	5.11	2002	1,935,709	(1.3)	7.37
1975	166,635	7.9	4.94	2003	1,716,600	(11.3)	6.57
1976	213,582	28.2	5.46	2004	1,835,014	6.9	6.57
1977	236,612	10.8	5.35	2005	2,170,081	18.3	7.27
1978	264,879	11.9	5.26	2006	2,605,447	20.1	7.77
1979	293,810	10.9	5.45	2007	3,144,059	20.7	8.51
1980	340,779	16.0	5.37	2008	4,451,326	41.6	10.76
1981	417,433	22.5	5.39	2009	4,250,332	(4.5)	11.24
1982	481,219	15.3	5.56	2010	3,856,866	(9.3)	10.90
1983	555,312	15.4	6.53	2011	3,932,114	2.0	10.12
1984	606,793	9.3	6.52	2012	4,564,731	16.1	10.36
1985	856,871	41.2	7.99	2013	4,798,699	5.1	10.04
1986	902,505	5.3	8.82	2014	4,732,262	(1.4)	9.28
1987	875,129	(3.0)	8.52	2015	4,656,286	(1.6)	9.01
1988	933,628	6.7	7.55	2016	3,881,176	(16.6)	8.01
1989	680,760	(27.1)	5.27	2017	3,242,219	(16.5)	6.53
1990	587,556	(13.7)	4.31	2018	3,685,940	13.7	6.63
1991	598,342	1.8	4.01	2019	4,218,869	14.5	7.10
1992	1,090,050	82.2	6.88	2020	4,418,420	4.7	7.70
1993	1,192,825	9.4	7.01	2021	4,529,830	2.5	7.37
1994	1,260,749	5.7	6.96	2022	5,672,908	25.2	7.35
1995	1,423,441	12.9	7.55				
1996 <sup>1</sup>	1,639,015	15.1	8.29				
1997	1,796,605	9.6	8.48				
1998	1,937,752	7.9	8.56				
1999	2,077,633	7.2	8.80				

\* Revenue object code 3653 (relating to funds remitted under protest) was available through fiscal 2004 for use with revenue object 3131 in calculating net collections.

<sup>1</sup> Effective fiscal 1996, revenue object code 3804 (relating to tax refunds for economic development, reinvestment zone/abatement agreements) is used with this revenue source in calculating net collections. Repealed for refunds claimed after October 1, 2011.

<sup>†</sup> No revenue deposited to trust



Source(s): Glenn Hegar, Texas Comptroller

## **GAME, FISH & EQUIPMENT FEES**

### **Revenue Object 3434**

#### **RATE AND BASE**

<i>State:</i>	Various rates based on type and term of fee, with some licenses at no cost to Texas resident active duty military personnel and disabled veterans, up to \$1,800 for a lifetime combination hunting and fishing license for Texas residents.
<i>Local:</i>	None
<i>Federal:</i>	None
<i>Major Exemptions:</i>	Individuals aged 16 and under, 65 and older, disabled veterans, and active duty military personnel

#### **ADMINISTRATION**

<i>Agency:</i>	Texas Parks and Wildlife Department (TPWD)
<i>No. of Licenses:</i>	2,452,680
<i>Payment Cycle:</i>	Weekly
<i>Due Date:</i>	Weekly remittance, with weekday chosen by agent
<i>Remitted By:</i>	Agents (retailers) authorized by TPWD, certain law enforcement agencies and TPWD

\*Source: Texas Almanac, TPWD

#### **LEGAL CITATION(S)**

Texas Parks and Wildlife Code, Ch. 42, 43, 46, 49, 50, and 71

#### **ENACTED**

39th Legislature (1925) \$2.15 for annual resident hunting license; \$2.15 for annual resident fishing license

#### **RATE AND BASE CHANGES**

62nd Legislature (1971) \$3.25 annual resident hunting license
63rd Legislature (1973) \$5.25 annual resident hunting license; \$4.25 annual resident fishing license; \$8.75 combination resident hunting and fishing license
65th Legislature (1977) \$4.50 annual resident fishing license
67th Legislature (1981) \$5 annual resident fishing license
68th Legislature (1983) \$8 annual resident hunting license; \$4.25 annual resident fishing license; \$12 combination resident hunting and fishing license

NOTE: Since 1985 Parks and Wildlife Commission increased fees several times. Current annual resident license rates are \$25 for hunting; \$40 all water fishing; and \$60 combination hunting/all water fishing. Lifetime resident license rates for hunting or all water fishing are \$1,000, and \$1,800 for a combination license. Some minimum fees are contained in statute, however, TPWD is authorized to set fees above the minimum.

#### **ALLOCATION**

GR - Account Lifetime License Endowment 0544 — Lifetime licenses

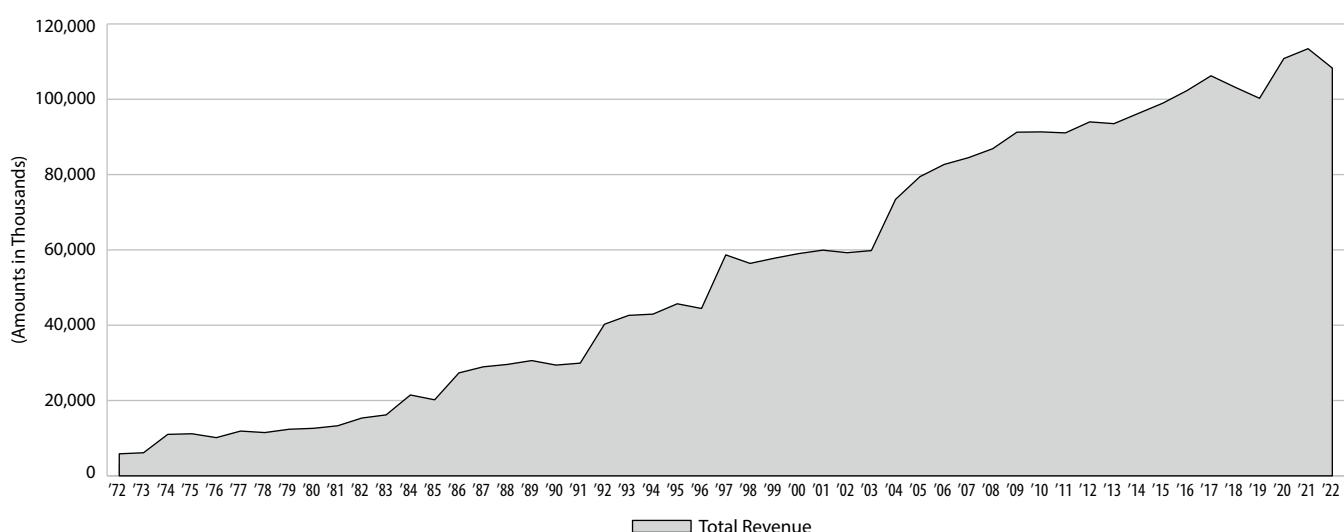
GR - Account Game, Fish, and Water Safety 0009 — All other non-commercial game and fish fees

**GAME, FISH & EQUIPMENT FEES (concluded)**  
**Revenue Object 3434**

**NET COLLECTIONS**  
(Amounts in Thousands)

Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Other Revenue	Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Other Revenue
1972	\$ 5,846	-	1.14	2000	\$ 59,013	2.1	0.60
1973	6,129	4.9	1.08	2001	59,930	1.6	0.57
1974	11,012	79.7	1.60	2002	59,254	(1.1)	0.55
1975	11,175	1.5	1.43	2003	59,808	0.9	0.53
1976	10,142	(9.2)	1.12	2004	73,436	22.8	0.60
1977	11,888	17.2	1.10	2005	79,437	8.2	0.60
1978	11,491	(3.3)	0.93	2006	82,691	4.1	0.58
1979	12,370	7.7	0.94	2007	84,485	2.2	0.53
1980	12,616	2.0	0.74	2008	86,866	2.8	0.45
1981	13,289	5.3	0.62	2009	91,261	5.1	0.58
1982	15,351	15.5	0.65	2010	91,338	0.1	0.60
1983	16,184	5.4	0.73	2011	91,071	(0.3)	0.54
1984	21,472	32.7	0.86	2012	93,994	3.2	0.53
1985	20,190	(6.0)	0.68	2013	93,523	(0.5)	0.50
1986	27,333	35.4	0.67	2014	96,232	2.9	0.49
1987	28,943	5.9	0.83	2015	98,926	2.8	0.47
1988	29,589	2.2	0.84	2016	102,269	3.4	0.44
1989	30,609	3.4	0.83	2017	106,234	3.9	0.46
1990	29,413	(3.9)	0.72	2018	103,173	(2.9)	0.41
1991	29,927	1.7	0.70	2019	100,255	(2.8)	0.38
1992	40,260	34.5	0.75	2020	110,804	10.5	0.42
1993	42,615	5.9	0.61	2021	113,434	2.4	0.42
1994	42,943	0.8	0.53	2022	108,288	(4.5)	0.32
1995	45,690	6.4	0.54				
1996	44,442	(2.7)	0.49				
1997	58,676	32.0	0.63				
1998	56,412	(3.9)	0.61				
1999	57,784	2.4	0.55				

<sup>†</sup> No revenue deposited to trust



Source(s): Glenn Hegar, Texas Comptroller; Texas Parks and Wildlife Department

**GAS, ELECTRIC & WATER UTILITY TAX**  
**Revenue Object 3233 \***

**RATE AND BASE**

<i>State:</i>	Cities with population of over 1,000 through 2,499 — 0.581% of gross receipts; Cities with population of 2,500 through 9,999 — 1.070% of gross receipts; Cities with population of over 9,999 — 1.997% of gross receipts
<i>Local</i>	None
<i>Federal</i>	None
<i>Major Exemptions:</i>	None

**ADMINISTRATION**

<i>Agency:</i>	Comptroller of Public Accounts
<i>Number of Taxpayers:</i>	132
<i>Payment Cycle:</i>	Quarterly
<i>Due Date:</i>	Last day of April, July, October and January paid quarterly based on previous quarter's gross receipts
<i>Remitted By:</i>	Utility companies

**LEGAL CITATION(S)**

Texas Tax Code, § 182.022 (the "Utility Company" tax)

**ENACTED**

30th Legislature (1907) 0.0%, 0.5%, and 1.0% for cities with above-listed populations

**RATE AND BASE CHANGES**

44th Legislature (1936) 0.0%, 0.7%, and 1.375% for cities with above-listed populations  
47th Legislature (1941) 0.44%, 0.81%, and 1.5125% for cities with above-listed populations  
52nd Legislature (1951) 0.484%, 0.891%, and 1.66375% for cities with above-listed populations  
56th Legislature (1959) 0.581%, 1.070%, and 1.997% for cities with above-listed populations

**ALLOCATION**

GR Account - Foundation School 0193 — 25%  
General Revenue Fund 0001 — 75%

**GAS, ELECTRIC & WATER UTILITY TAX (concluded)**  
**Revenue Object 3233 \***

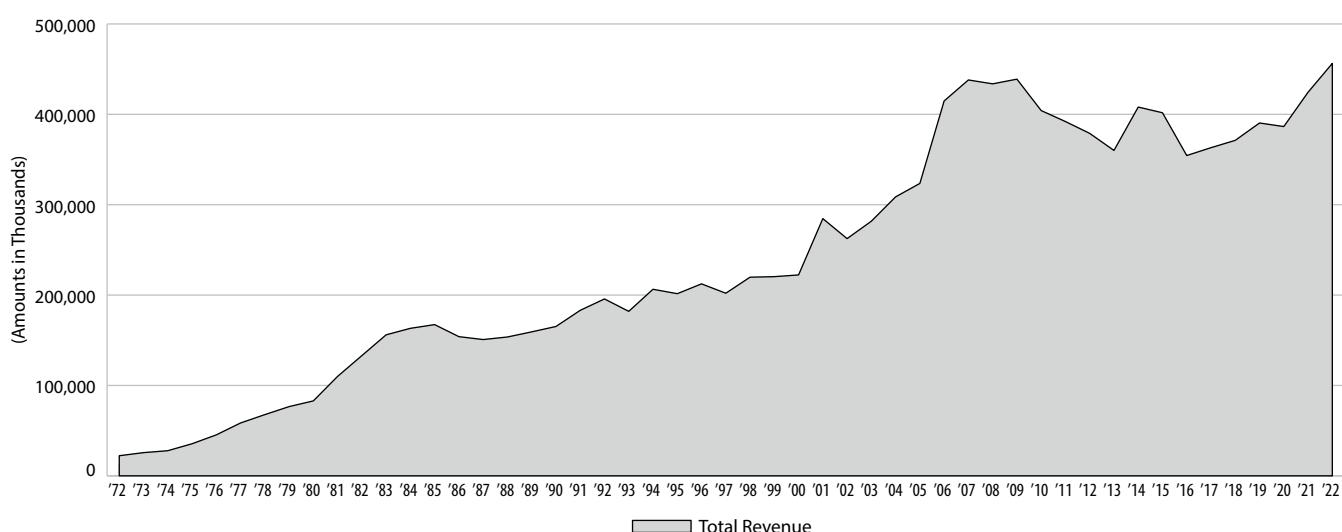
**NET COLLECTIONS**  
(Amounts in Thousands)

Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Taxes	Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Taxes
1972	\$ 22,244	-	0.95	2000	\$ 222,284	0.9	0.88
1973	25,660	15.4	0.99	2001	284,613	28.0	1.05
1974	27,804	8.4	0.92	2002	262,474	(7.8)	1.00
1975	35,487	27.6	1.05	2003	281,759	7.3	1.08
1976	45,315	27.7	1.16	2004	308,667	9.5	1.11
1977	58,484	29.1	1.32	2005	323,566	4.8	1.08
1978	67,717	15.8	1.35	2006	414,806	28.2	1.24
1979	76,590	13.1	1.42	2007	438,027	5.6	1.19
1980	82,913	8.3	1.31	2008	433,733	(1.0)	1.05
1981	110,029	32.7	1.42	2009	438,916	1.2	1.16
1982	133,027	20.9	1.54	2010	404,175	(7.9)	1.14
1983	156,017	17.3	1.84	2011	392,009	(3.0)	1.01
1984	163,217	4.6	1.75	2012	378,926	(3.3)	0.86
1985	167,310	2.5	1.56	2013	360,040	(5.0)	0.75
1986	154,001	(8.0)	1.51	2014	408,040	13.3	0.80
1987	150,792	(2.1)	1.47	2015	401,734	(1.5)	0.78
1988	153,626	1.9	1.24	2016	354,409	(11.8)	0.73
1989	159,296	3.7	1.23	2017	363,100	2.5	0.73
1990	165,256	3.7	1.21	2018	371,205	2.2	0.67
1991	183,106	10.8	1.23	2019	390,411	5.2	0.66
1992 <sup>‡</sup>	195,737	6.9	1.24	2020	386,456	(1.0)	0.67
1993 <sup>‡</sup>	181,993	(7.0)	1.07	2021	424,434	9.8	0.69
1994	206,437	13.4	1.14	2022	456,332	7.5	0.59
1995	201,538	(2.4)	1.07				
1996 <sup>‡</sup>	212,409	5.4	1.07				
1997 <sup>‡</sup>	202,037	(4.9)	0.95				
1998	219,806	8.8	0.97				
1999	220,389	0.3	0.93				

\* Revenue object code 3669 (relating to funds remitted under protest) was available through fiscal 2004 for use with this revenue source in calculating net collections

<sup>†</sup> No revenue deposited to trust

<sup>‡</sup> These figures reflect adjustments for deposit and posting errors (see Public Utility Gross Receipts Assessment)



Source(s): Glenn Hegar, Texas Comptroller

**GAS UTILITY PIPELINE TAX**  
**Revenue Object 3234**

**RATE AND BASE**

*State:* One-half of 1% of the gross income of the gas utility  
*Local:* None  
*Federal:* Federal Energy Regulatory Commission applies an annual charge on interstate sales  
*Major Exemptions:* None

**ADMINISTRATION**

*Agency:* Texas Railroad Commission  
*Number of Taxpayers:* 187  
*Payment Cycle:* Quarterly  
*Due Date:* 20th day of the second month of the succeeding calendar quarter  
*Remitted By:* Natural gas utility companies

**LEGAL CITATION(S)**

Texas Utilities Code, §§ 122.051, 122.052

**ENACTED**

36th Legislature (1920) 0.25% of gross receipts

**RATE AND BASE CHANGES**

71st Legislature (1989) 0.5% of gross income (eff. 10/1/89)

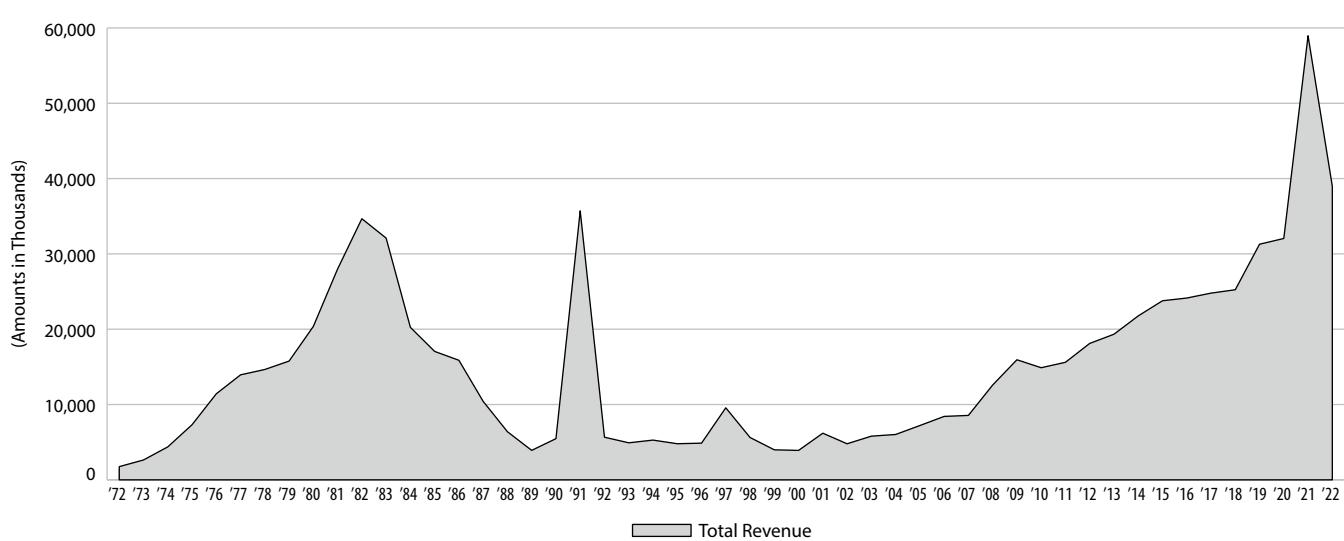
**ALLOCATION**

General Revenue Fund 0001 — 100%

**GAS UTILITY PIPELINE TAX (concluded)**  
**Revenue Object 3234**

**NET COLLECTIONS**  
(Amounts in Thousands)

Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Taxes	Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Taxes
1972	\$ 1,752	-	0.07	2000	\$ 3,907	(2.0)	0.02
1973	2,637	50.5	0.10	2001 <sup>2</sup>	6,193	58.5	0.02
1974	4,374	65.9	0.14	2002	4,787	(22.7)	0.02
1975	7,315	67.3	0.22	2003	5,799	21.1	0.02
1976	11,420	56.1	0.29	2004	6,021	3.8	0.02
1977	13,940	22.1	0.32	2005	7,210	19.8	0.02
1978	14,651	5.1	0.29	2006	8,421	16.8	0.03
1979	15,767	7.6	0.29	2007	8,553	1.6	0.02
1980	20,368	29.2	0.32	2008	12,586	47.2	0.03
1981	27,994	37.4	0.36	2009	15,943	26.7	0.04
1982	34,670	23.9	0.40	2010	14,886	(6.6)	0.04
1983	32,098	(7.4)	0.38	2011	15,606	4.8	0.04
1984	20,247	(36.9)	0.22	2012	18,112	16.1	0.04
1985	17,051	(15.8)	0.16	2013	19,333	6.7	0.04
1986	15,873	(6.9)	0.16	2014	21,764	12.6	0.04
1987	10,418	(34.4)	0.10	2015	23,777	9.3	0.05
1988	6,389	(38.7)	0.05	2016	24,137	1.5	0.05
1989	3,911	(38.8)	0.03	2017	24,791	2.7	0.05
1990	5,469	39.8	0.04	2018	25,239	1.8	0.05
1991 <sup>1</sup>	35,713	553.0	0.24	2019	31,285	24.0	0.05
1992 <sup>1</sup>	5,660	(84.2)	0.04	2020	32,047	2.4	0.06
1993	4,917	(13.1)	0.03	2021	58,962	84.0	0.10
1994	5,276	7.3	0.03	2022	38,977	(33.9)	0.05
1995	4,795	(9.1)	0.03				
1996	4,869	1.6	0.02				
1997 <sup>1</sup>	9,562	96.4	0.05				
1998	5,623	(41.2)	0.02				
1999	3,986	(29.1)	0.02				

<sup>†</sup> No revenue deposited to trust<sup>1</sup> \$30.7 million, \$0.6 million, and \$3.9 million were moved from protest (Fund 0900) to the Gas Utility Pipeline tax<sup>2</sup> An audit payment of \$1.1 million was deposited in fiscal 2001

Source(s): Glenn Hegar, Texas Comptroller; Texas Railroad Commission

**GASOLINE TAX**  
**Revenue Object 3007 \***

**RATE AND BASE**

<i>State:</i>	20 cents per gallon (eligible transit companies qualify for a refund of 1 cent per gallon)
<i>Local:</i>	None
<i>Federal:</i>	\$0.184 per gallon
<i>Major Exemptions:</i>	Federal government; volunteer fire departments; Texas public school districts; commercial transportation companies and/or certain metropolitan rapid transit authorities providing public school transportation services to a Texas public school district; various off-road uses

**ADMINISTRATION**

<i>Agency:</i>	Comptroller of Public Accounts
<i>Number of Taxpayers:</i>	918 (not including interstate truckers)
<i>Payment Cycle:</i>	Suppliers, permissive suppliers, distributors, importers, exporters, and blenders — monthly; International Fuel Tax Agreement (IFTA) licensees — quarterly; Interstate truckers (except IFTA licensed) — quarterly
<i>Due Date:</i>	Monthly — 25th day of the month for taxes collected during the preceding month Quarterly — 25th (or last for IFTA licensees) day of the month succeeding each calendar quarter
<i>Remitted By:</i>	Suppliers, permissive suppliers, distributors, importers, exporters, blenders, interstate truckers, and IFTA licensees

**LEGAL CITATION(S)**

Texas Tax Code, §§ 162.102, 162.104, 162.105, 162.114, 162.125

**ENACTED**

38th Legislature (1923) 1 cent per gallon

**RATE AND BASE CHANGES**

47th Legislature (1941) 4 cents per gallon
54th Legislature (1955) 5 cents per gallon
67th Legislature (1981) 1 cent rate reduction for certified transit companies (eff. 1/1/82)
68th Legislature (1984) 10 cents per gallon (eff. 8/1/84)
69th Legislature (1986) 15 cents per gallon (eff. 1/1/87 to 8/31/87)
70th Legislature (1987) 15 cents per gallon (eff. 9/1/87)
72nd Legislature (1991) 20 cents per gallon (eff. 10/1/91)

**ALLOCATION**

After deductions for refunds, administration and enforcement:

Available School Fund 0002 — 25% of balance

State Highway Fund 0006 — 75% of balance less \$7.3 million of which is transferred to the County and Road District Highway Fund 0057

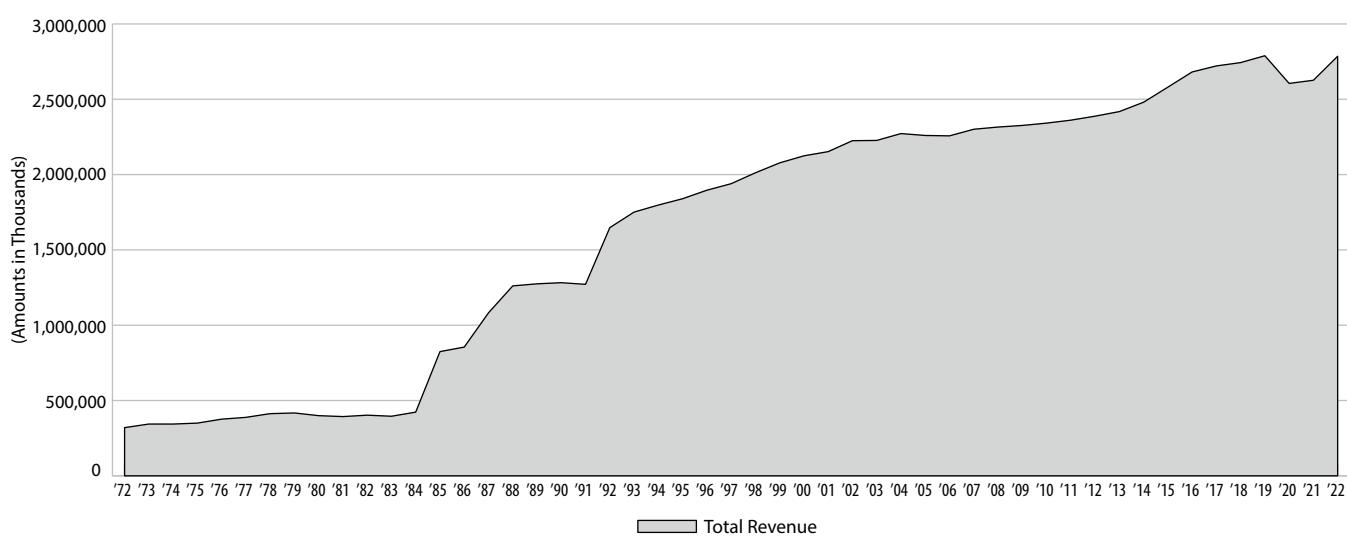
**GASOLINE TAX (concluded)**  
**Revenue Object 3007 \***

**NET COLLECTIONS**  
(Amounts in Thousands)

Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Taxes	Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Taxes
1972	\$ 320,148	-	13.66	2000	\$ 2,124,462	2.3	8.40
1973	343,802	7.4	13.31	2001	2,152,303	1.3	7.90
1974	343,776	(0.0)	11.36	2002	2,224,961	3.4	8.47
1975	350,096	1.8	10.37	2003	2,226,649	0.1	8.52
1976	376,272	7.5	9.61	2004	2,272,227	2.0	8.14
1977	388,224	3.2	8.78	2005	2,259,626	(0.6)	7.57
1978	412,751	6.3	8.20	2006	2,257,053	(0.1)	6.73
1979	417,334	1.1	7.74	2007	2,300,924	1.9	6.23
1980	399,492	(4.3)	6.30	2008	2,315,486	0.6	5.60
1981	393,385	(1.5)	5.08	2009	2,326,135	0.5	6.15
1982	402,718	2.4	4.66	2010	2,341,609	0.7	6.62
1983	395,641	(1.8)	4.66	2011	2,361,141	0.8	6.08
1984	422,868	6.9	4.54	2012	2,387,692	1.1	5.42
1985	824,783	95.0	7.69	2013	2,418,088	1.3	5.06
1986	854,840	3.6	8.35	2014	2,480,229	2.6	4.86
1987	1,082,004	26.6	10.54	2015	2,580,164	4.0	4.99
1988	1,261,049	16.5	10.20	2016	2,681,139	3.9	5.53
1989	1,274,710	1.1	9.88	2017	2,721,270	1.5	5.48
1990	1,282,196	0.6	9.41	2018	2,743,373	0.8	4.94
1991	1,271,422	(0.8)	8.52	2019	2,789,006	1.7	4.70
1992	1,647,796	29.6	10.40	2020	2,605,183	(6.6)	4.54
1993	1,750,983	6.3	10.29	2021	2,626,158	0.8	4.27
1994	1,797,653	2.7	9.93	2022	2,785,478	6.1	3.61
1995	1,839,661	2.3	9.75				
1996	1,896,146	3.1	9.59				
1997	1,939,426	2.3	9.15				
1998	2,011,653	3.7	8.89				
1999	2,077,536	3.3	8.80				

\* Revenue object code 3655 (relating to funds remitted under protest) was available through fiscal 2004 for use with this revenue source in calculating net collections

<sup>†</sup> No revenue deposited to trust



Source(s): Glenn Hegar, Texas Comptroller

## **GENERAL BUSINESS FILING FEES**

### **Revenue Object 3133**

#### **RATE AND BASE**

<i>State:</i>	Various business filing fees imposed on domestic and foreign corporations, partnerships, professional associations, and other business entities
<i>Local:</i>	None
<i>Federal:</i>	None
<i>Major Exemptions:</i>	None

#### **ADMINISTRATION**

<i>Agency:</i>	Secretary of State. Additionally, for certain fees: Governor's Office, Bond Review Board, and Texas Commission on Environmental Quality
<i>No. of Fees Collected:</i>	778,001
<i>Payment Cycle:</i>	Various
<i>Due Date:</i>	At time of filing or when service is performed

*Remitted By:* Business entities

#### **LEGAL CITATION(S)**

Texas Agriculture Code, §§ 55.009, 128.016(b), 128.038, 128.039, 188.016  
Texas Business and Commerce Code, §§ 9.403-9.407, 9.4095, 9.410, 16.10, 16.19, 35.05, 35.06, 36.14, 36.15  
Texas Business Organization Code, §§ 4.151, 4.152, 4.153, 4.154, 4.155, 4.156, 4.158, 4.159  
Texas Code of Criminal Procedures, § 42.22(7a)  
Texas Government Code, §§ 103.022, 1372.006, 2310.110(e), Ch. 489  
Texas Health & Safety Code, § 361.976  
Texas Local Government Code, §§ 501.306, 501.313, 501.352, 501.404  
Texas Property Code, §§ 14.004, 14.005  
Texas Utility Code, §§ 161.055, 161.061, 161.152, 161.202, 161.252, 162.061, 162.080, 162.154, 162.202, 162.204, 162.252, 162.254, 162.301

#### **ENACTED**

14th Legislature (1874) Domestic business  
36th Legislature (1919) Foreign business

#### **Numerous fees subsequently ENACTED**

#### **RATE AND BASE CHANGES**

The history of fee rate and base changes is too extensive to report in the space allotted; see Table 2 and/or chapter entitled, "Legislative Changes and Other Sources of Growth" for major tax and fee legislation

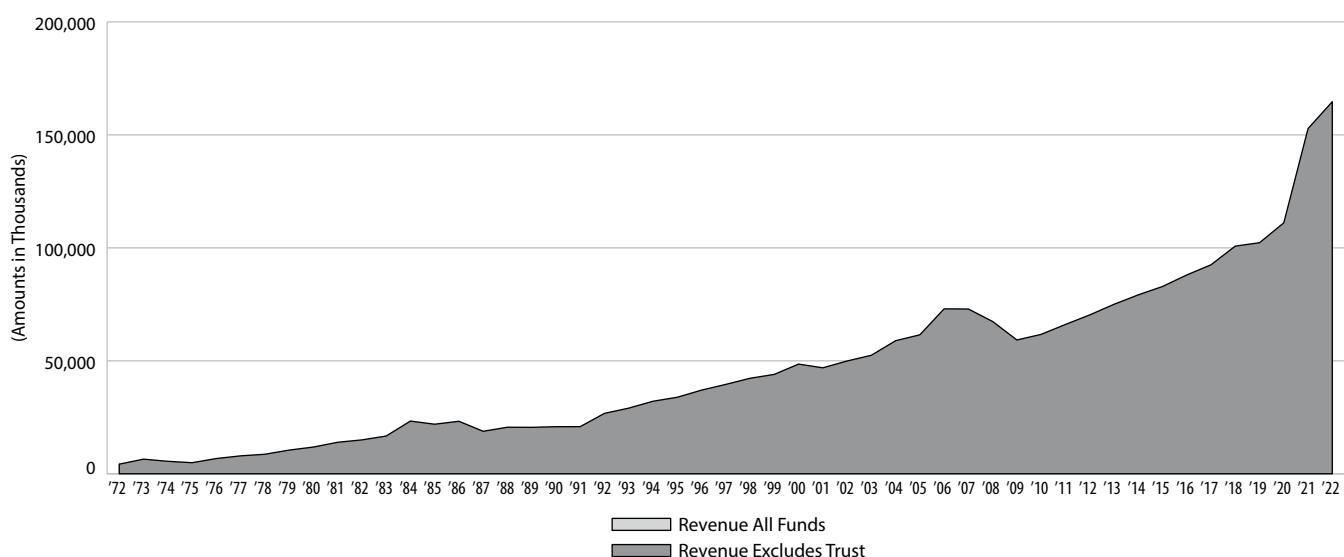
#### **ALLOCATION**

General Revenue Fund 0001 — All other fees  
State Highway Fund 0006 — Motor vehicle restitution liens  
GR Account - Economic Development Bank 5106 — Fees associated with the Texas Economic Development Bank

**GENERAL BUSINESS FILING FEES (concluded)**  
**Revenue Object 3133**

**NET COLLECTIONS**  
(Amounts in Thousands)

Year	Revenue All Funds	Revenue Excludes Trust	Percent Change	Percent of Other Revenue	Year	Revenue All Funds	Revenue Excludes Trust	Percent Change	Percent of Other Revenue
1972	\$ 4,266	\$ 4,266	-	0.83	2000	\$ 48,555	\$ 48,555	10.4	0.50
1973	6,489	6,489	52.1	1.14	2001	46,908	46,908	(3.4)	0.44
1974	5,536	5,536	(14.7)	0.80	2002	49,924	49,924	6.4	0.46
1975	4,907	4,907	(11.3)	0.63	2003	52,462	52,462	5.1	0.47
1976	6,750	6,750	37.5	0.75	2004	58,905	58,798	12.1	0.48
1977	7,941	7,941	17.6	0.73	2005	61,520	61,627	4.8	0.47
1978	8,646	8,646	8.9	0.70	2006	73,008	73,008	18.5	0.52
1979	10,488	10,488	21.3	0.80	2007	72,932	72,932	(0.1)	0.46
1980	11,836	11,836	12.9	0.69	2008	67,399	67,399	(7.6)	0.35
1981	13,950	13,950	17.9	0.65	2009	59,227	59,227	(12.1)	0.38
1982	15,001	15,001	7.5	0.64	2010	61,716	61,717	4.2	0.41
1983	16,710	16,710	11.4	0.75	2011	66,099	66,099	7.1	0.39
1984	23,333	23,333	39.6	0.93	2012	70,317	70,317	6.4	0.40
1985	21,944	21,944	(6.0)	0.74	2013	75,004	75,004	6.7	0.40
1986	23,246	23,246	5.9	0.57	2014	79,188	79,188	5.6	0.40
1987	18,809	18,809	(19.1)	0.54	2015	82,895	82,895	4.7	0.39
1988	20,615	20,615	9.6	0.58	2016	87,994	87,994	6.2	0.38
1989	20,562	20,562	(0.3)	0.55	2017	92,511	92,511	5.1	0.40
1990	20,850	20,850	1.4	0.51	2018	100,778	100,778	8.9	0.40
1991	20,868	20,868	0.1	0.48	2019	102,271	102,271	1.5	0.38
1992	26,746	26,746	28.2	0.50	2020	111,079	111,079	8.6	0.43
1993	29,069	29,069	8.7	0.42	2021	152,794	152,794	37.6	0.56
1994	32,108	32,108	10.5	0.40	2022	164,698	164,698	7.8	0.49
1995	33,874	33,874	5.5	0.40					
1996	37,028	37,028	9.3	0.41					
1997	39,572	39,572	6.9	0.42					
1998	42,274	42,274	6.8	0.46					
1999	43,998	43,998	4.1	0.42					



Source(s): Glenn Hegar, Texas Comptroller; Secretary of State; Governor's Office

## **HEALTH CARE FACILITIES FEES**

### **Revenue Object 3557**

**RATE AND BASE**

<i>State:</i>	Fees for the operation of health care facilities varies depending on type of facility. Including: day activity and health services facilities (\$50 annual renewal); chemical dependency; nursing home (\$375 plus \$15 per bed); hospital; trauma; environmental testing; maternity; continuing care; and others
<i>Local:</i>	None
<i>Federal:</i>	None
<i>Major Exemptions:</i>	None

**ADMINISTRATION**

<i>Agency:</i>	Department of State Health Services, Department of Insurance, Texas Commission on Environmental Quality, Health and Human Services Commission
<i>No. of Fees Collected:</i>	N/A
<i>Payment Cycle:</i>	N/A
<i>Due Date:</i>	Depending on the fee either annually or as determined by the agency
<i>Remitted By:</i>	Health care facilities.

**LEGAL CITATION(S)**

Government Code sec. 487.603, 531.078  
Health and Safety Code sec. 142.010, 142.014, 142.0104, 241.025, 241.104, 242.010, 242.034, 242.0385, 242.040, 242.047, 242.097, 242.039, 242.016, 242.064, 242.309, 242.314, 242.315, 243.007, 243.014, 244.007, 244.014, 245.007, 245.015, 245.017, 246.023, 246.027, 246.058, 249.005, 251.013, 252.034, 252.0375, 252.202, 254.053, 313.002(b), 401.427, 464.007, 773.086  
Human Resources Code sec. 103.007, 103.0075, 103.012, 105.004  
Texas Attorney General Opinion No. M-1193 (1972)  
Water Code sec. 5.803

**ENACTED**

Various dates depending on the fee, starting in 1959 by the 56th Leg.

**RATE AND BASE CHANGES**

73rd Legislature (1993) Increased hospital fee from \$3 to \$10 per bed  
80th Legislature (2007) Increase adult care fee from \$25 to \$50 and community care facilities fees from between \$300 and \$1,000 to \$600 and \$2,000  
83rd Legislature (2013) Increased nursing home license fees from \$250 to \$375 and the fee per bed from \$10 to \$15  
84th Legislature (2015) Abolished Department of Aging and Disability Services; functions transferred to the Health and Human Services Commission  
85th Legislature (2017) Increased day activity and health services license fees from \$50 to \$75  
86th Legislature (2019) Added maximum amounts of fines and penalties that can be accessed for Intermediate Care Facilities, added merger fees for hospital co-op agreements and mergers, limited services rural hospital fees, and increased the fee cap for home and community support services from \$2,000 to \$2,625

**ALLOCATION**

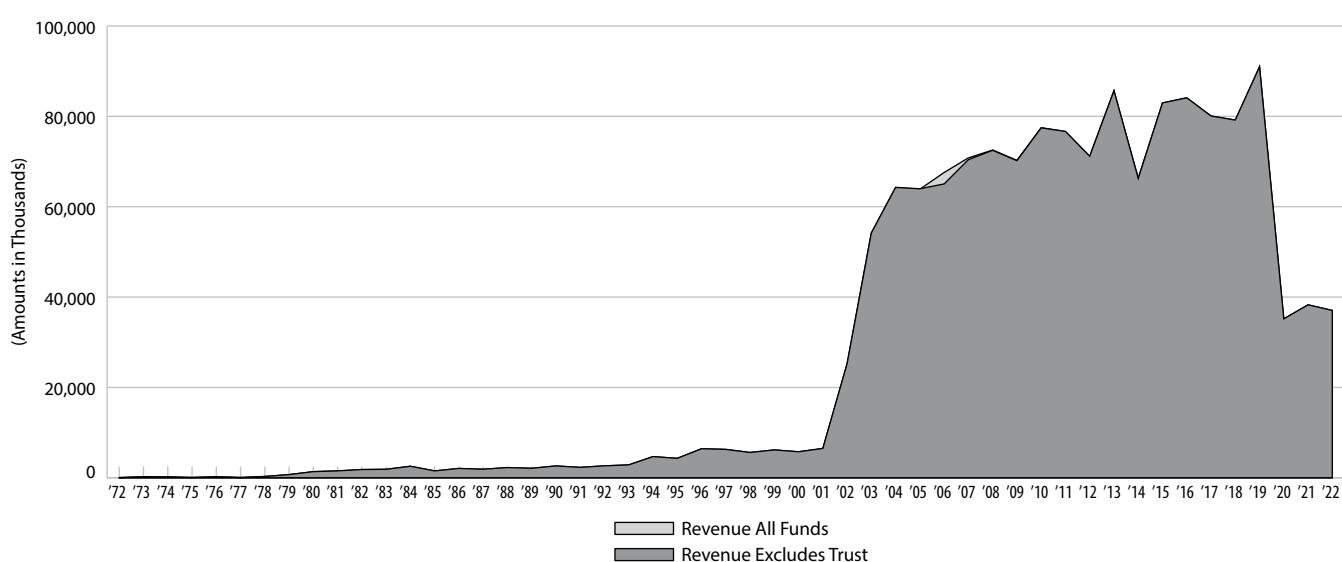
General Revenue Fund 0001 — All other fees  
Freestanding Emergency Medical Care Facility Licensing Fund 0373 — All fees related to the licensing of freestanding emergency medical care facilities  
Nursing and Convalescent Home Trust Fund 0992 — Fee is \$1 for each licensed unit of capacity or bed space in the home or in amount needed to provide \$10,000,000 in fund, an annual fee for emergency assistance money  
GR - Account Hospital Licensing 0129 — License fees for the “Texas Hospital Licensing Law”  
GR - Account Home Health Services 5018 — Fees related to licensing home and community support service agencies  
GR - Account Certification of Mammography Systems 5021 — all fees related to certification of a mammography system  
GR - Account Environmental Testing Laboratory Accreditation 5065 — All fees related to the accreditation of environmental testing laboratories  
GR - Account Quality Assurance 5080 — Health care facilities quality assurance fee

**HEALTH CARE FACILITIES FEES (concluded)**  
**Revenue Object 3557**

**NET COLLECTIONS**  
(Amounts in Thousands)

Year	Revenue All Funds	Revenue Excludes Trust	Percent Change	Percent of Other Revenue	Year	Revenue All Funds	Revenue Excludes Trust	Percent Change	Percent of Other Revenue
1972	\$ 49	\$ 49	-	0.01	2000	\$ 5,758	\$ 5,758	(6.6)	0.06
1973	231	231	374.0	0.04	2001	6,489	6,489	12.7	0.06
1974	198	198	(14.3)	0.03	2002	25,227	25,227	288.8	0.23
1975	75	75	(61.9)	0.01	2003	54,178	54,178	114.8	0.48
1976	234	234	211.4	0.03	2004	64,255	64,255	18.6	0.53
1977	69	69	(70.6)	0.01	2005	63,875	63,951	(0.5)	0.49
1978	290	290	321.2	0.02	2006	67,567	65,023	1.7	0.46
1979	701	701	142.0	0.05	2007	70,810	70,396	8.3	0.44
1980	1,359	1,359	93.8	0.08	2008	72,538	72,466	2.9	0.37
1981	1,525	1,525	12.2	0.07	2009	70,242	70,167	(3.2)	0.45
1982	1,825	1,825	19.7	0.08	2010	77,471	77,438	10.4	0.51
1983	1,873	1,873	2.6	0.08	2011	76,642	76,642	(1.0)	0.45
1984	2,551	2,551	36.2	0.10	2012	71,150	71,150	(7.2)	0.40
1985	1,520	1,520	(40.4)	0.05	2013	85,657	85,650	20.4	0.46
1986	2,065	2,065	35.9	0.05	2014 <sup>1</sup>	66,294	66,243	(22.7)	0.34
1987	1,892	1,892	(8.4)	0.05	2015	82,948	82,948	25.2	0.39
1988	2,256	2,256	19.3	0.06	2016	84,085	84,085	1.4	0.36
1989	2,099	2,099	(7.0)	0.06	2017	80,060	80,060	(4.8)	0.35
1990	2,622	2,622	24.9	0.06	2018	79,155	79,155	(1.1)	0.32
1991	2,299	2,299	(12.3)	0.05	2019	90,950	90,950	14.9	0.34
1992	2,644	2,644	15.0	0.05	2020	35,166	35,166	(61.3)	0.13
1993	2,851	2,851	7.8	0.04	2021	38,273	38,273	8.8	0.14
1994	4,686	4,686	64.4	0.06	2022	37,030	37,030	(3.2)	0.11
1995	4,300	4,300	(8.2)	0.05					
1996	6,427	6,427	49.5	0.07					
1997	6,281	6,281	(2.3)	0.07					
1998	5,599	5,599	(10.8)	0.06					
1999	6,163	6,163	10.1	0.06					

<sup>1</sup> Freestanding Emergency Medical Care Facilities increased renewals from one to two years.



Source(s): Glenn Hegar, Texas Comptroller

## **HEALTH RELATED PROFESSIONAL FEES**

### **Revenue Objects 3562 and 3572**

#### **RATE AND BASE**

*State:* Varies by agency and profession  
*Local:* None  
*Federal:* None  
*Major Exemptions:* None

#### **ADMINISTRATION**

*Agency:* See Appendix E  
*No. of Fees Collected:* N/A  
*Payment Cycle:* Annual, biennial, or as set by board or commission  
*Due Date:* May be staggered  
*Remitted By:* Organizations / agencies governing fee-paying licensees

#### **LEGAL CITATION(S)**

See Appendix E

#### **ENACTED**

See Appendix E

#### **RATE AND BASE CHANGES**

70th Legislature (1987) \$110 temporary fee increase on selected professions  
72nd Legislature (1991) \$200 fee increase on selected professions  
78th Legislature (2003) \$200 fee increase on selected professions  
84th Legislature (2015) Repeal \$200 fee increases on selected professions  
85th Legislature (2017) Repeal registration fee (chiropractors)and administrative penalties on selected professions  
86th Legislature (2019) transferred various programs to the new Behavioral Health Executive Council by August 13, 2020.

Note: \$200 fee increases had been deposited to Revenue Object 3572; henceforth to be used only for the \$80 surcharge on doctors

#### **ALLOCATION**

\$80 surcharge for doctors:  
GR Account - Public Assurance 5105  
Fee for solid waste technicians:  
GR Account - Texas Commission on Environmental Quality Occupational Licensing 0468  
All other health-related professional fees:  
General Revenue Fund 0001

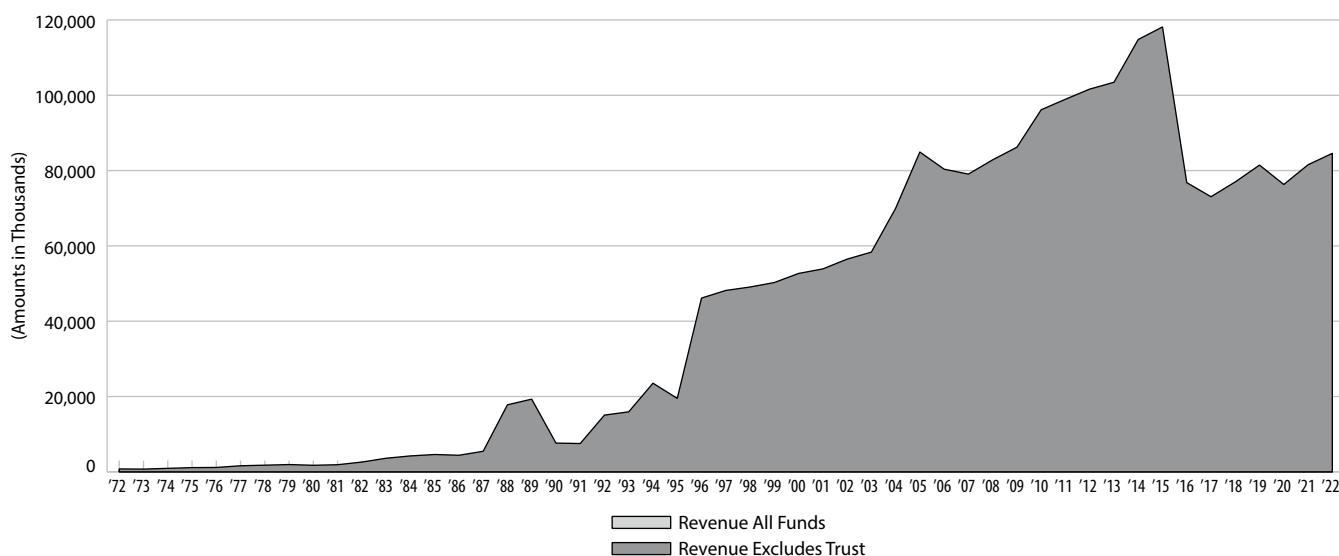
**HEALTH RELATED PROFESSIONAL FEES (concluded)**  
**Revenue Objects 3562 and 3572**

**NET COLLECTIONS**  
(Amounts in Thousands)

Year	Revenue All Funds	Revenue Excludes Trust	Percent Change	Percent of Other Revenue	Year	Revenue All Funds	Revenue Excludes Trust	Percent Change	Percent of Other Revenue
1972	\$ 384	\$ 384	-	0.07	2000	\$ 26,340	\$ 26,340	4.8	0.27
1973	364	364	(5.1)	0.06	2001	26,944	26,944	2.3	0.25
1974	463	463	27.1	0.07	2002	28,239	28,239	4.8	0.26
1975	561	561	21.3	0.07	2003	29,173	29,173	3.3	0.26
1976	581	581	3.5	0.06	2004	34,986	34,986	19.9	0.29
1977	805	805	38.4	0.07	2005	42,464	42,464	21.4	0.32
1978	884	884	9.8	0.07	2006	40,187	40,187	(5.4)	0.28
1979	967	967	9.5	0.07	2007	39,533	39,533	(1.6)	0.25
1980	869	869	(10.2)	0.05	2008	41,426	41,426	4.8	0.21
1981	945	945	8.7	0.04	2009	43,101	43,101	4.0	0.28
1982	1,297	1,297	37.3	0.06	2010	48,075	48,075	11.5	0.32
1983	1,805	1,805	39.2	0.08	2011	49,469	49,469	2.9	0.29
1984	2,113	2,113	17.0	0.08	2012	50,820	50,820	2.7	0.29
1985	2,301	2,301	8.9	0.08	2013	51,723	51,723	1.8	0.28
1986	2,200	2,200	(4.4)	0.05	2014	57,403	57,403	11.0	0.29
1987	2,729	2,729	24.1	0.08	2015	59,072	59,072	2.9	0.28
1988 <sup>1</sup>	8,897	8,897	225.9	0.25	2016	38,404	38,404	(35.0)	0.16
1989	9,652	9,652	8.5	0.26	2017	36,526	36,526	(4.9)	0.16
1990	3,817	3,817	(60.5)	0.09	2018	38,496	38,496	5.4	0.15
1991	3,758	3,758	(1.5)	0.09	2019	40,730	40,730	5.8	0.15
1992	7,532	7,532	100.4	0.14	2020	38,150	38,150	(6.3)	0.15
1993	7,968	7,968	5.8	0.11	2021	40,771	40,771	6.9	0.15
1994	11,768	11,768	47.7	0.15	2022	42,287	42,287	3.7	0.13
1995	9,752	9,752	(17.1)	0.12					
1996 <sup>2</sup>	23,070	23,070	136.6	0.25					
1997	24,085	24,082	4.4	0.26					
1998	24,539	24,541	1.9	0.27					
1999	25,132	25,132	2.4	0.24					

<sup>1</sup> Revenue object codes 3561 and 3565-3567 were used from 1988-1993 and have since expired and are no longer used in calculating the net collections for this revenue source.

<sup>2</sup> Starting in fiscal 1996, the \$200 fee increase on selected professions was recorded using revenue object code 3572; \$200 fee increase repealed by the 84th Legislature (2015).



Source(s): Glenn Hegar, Texas Comptroller

## **HIGHER EDUCATION TUITION FEES - Non-Pledged**

### **Revenue Object 3505**

#### **RATE AND BASE**

<i>State:</i>	For resident students at general academic teaching institutions: \$50 per semester credit hour. Per semester hour fees for non-resident students are an average based on non-resident public university tuition charged in 5 of the most populous states (except Texas). Fees for semester hour or academic year, for both resident and non-resident students, may differ for programs leading to certain degrees (e.g., coursework leading to an M.D., D.O., D.D.S., D.V.M., or law degree)
<i>Local:</i>	Various
<i>Federal:</i>	None
<i>Major Exemptions:</i>	None

#### **ADMINISTRATION**

<i>Agency:</i>	Texas Higher Education Coordinating Board; state colleges and universities
<i>No. of Fees Collected:</i>	N/A
<i>Payment Cycle:</i>	Per semester
<i>Due Date:</i>	Upon registration
<i>Remitted By:</i>	Students and parents

#### **LEGAL CITATION(S)**

Texas Education Code, §§ 54.051, 54.0513

#### **ENACTED**

43rd Legislature (1933)

#### **RATE AND BASE CHANGES**

68th Legislature, 2nd Called Session (1984) Non-resident tuition raised to \$46/credit hour in 1986 and \$53 in 1987  
69th Legislature (1985) Resident tuition to \$12/credit hour in 1986; \$16 in 1987; \$18 in 1990; \$20 in 1992  
72nd Legislature, 1st Called Session (1991) Resident tuition to \$24/credit hour in 1993; \$26 in 1994; \$28 in 1995; \$30 in 1996; \$32 in 1997  
74th Legislature (1995) Resident tuition to \$34/credit hour in 1998; \$36 in 1999; \$38 in 2000; \$40 in 2001; non-resident tuition set at average of non-resident undergrad tuition charged residents of Texas by state universities in the 5 most populous states other than Texas  
77th Legislature (2001) Resident tuition to \$42/credit hour in 2002; \$44 in 2003; \$46 in 2004; \$48 in 2005; \$50 in 2006  
78th Legislature (2003) Amended §54.0513, Education Code, allowing governing boards of institutions to charge any student an amount designated as tuition that the board considers necessary for effective operation of the institution

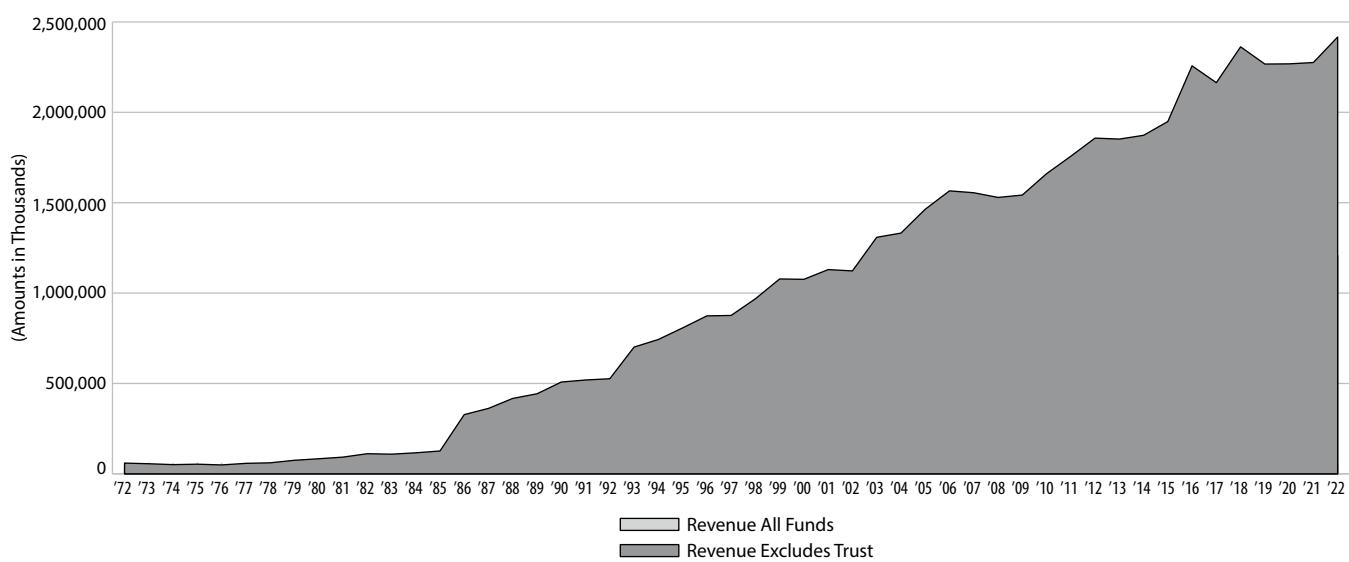
#### **ALLOCATION**

Current General Revenue-dedicated operating accounts of the various colleges and universities

**HIGHER EDUCATION TUITION FEES - Non-Pledged (concluded)**  
**Revenue Object 3505**

**NET COLLECTIONS**  
(Amounts in Thousands)

Year	Revenue All Funds	Revenue Excludes Trust	Percent Change	Percent of Other Revenue	Year	Revenue All Funds	Revenue Excludes Trust	Percent Change	Percent of Other Revenue
1972	\$ 29,984	\$ 29,419	-	5.72	2000	\$ 538,040	\$ 538,040	(0.2)	5.51
1973	28,214	27,610	(6.1)	4.87	2001	564,976	564,976	5.0	5.34
1974	25,765	25,150	(8.9)	3.64	2002	561,304	561,304	(0.6)	5.21
1975	26,976	26,374	4.9	3.38	2003	654,291	654,291	16.6	5.84
1976	24,621	24,621	(6.6)	2.73	2004	665,915	665,915	1.8	5.45
1977	28,990	28,990	17.7	2.67	2005	731,823	731,823	9.9	5.56
1978	30,466	30,466	5.1	2.47	2006	782,735	782,735	7.0	5.53
1979	37,464	37,464	23.0	2.84	2007	777,578	777,578	(0.7)	4.90
1980	41,713	41,713	11.3	2.45	2008	764,623	764,623	(1.7)	3.94
1981	46,237	46,237	10.8	2.16	2009	771,037	771,037	0.8	4.94
1982	55,658	55,658	20.4	2.36	2010	830,167	830,167	7.7	5.49
1983	54,409	54,409	(2.2)	2.44	2011	878,442	878,442	5.8	5.17
1984	58,116	58,116	6.8	2.32	2012	928,720	928,720	5.7	5.26
1985	64,698	61,698	6.2	2.07	2013	925,985	925,985	(0.3)	4.94
1986	163,323	164,316	166.3	4.05	2014	936,458	936,354	1.1	4.76
1987	181,057	181,057	10.2	5.18	2015	974,472	974,472	4.1	4.63
1988	208,624	208,624	15.2	5.91	2016	1,128,525	1,128,525	15.8	4.84
1989	221,425	221,425	6.1	5.97	2017	1,082,028	1,082,028	(4.1)	4.67
1990	255,448	252,361	14.0	6.22	2018	1,181,162	1,181,162	9.2	4.73
1991	261,556	257,588	2.1	5.99	2019	1,133,516	1,133,516	(4.0)	4.25
1992	265,470	260,615	1.2	4.84	2020	1,134,069	1,134,069	0.0	4.35
1993	351,250	349,944	34.3	5.05	2021	1,137,765	1,137,765	0.3	4.20
1994	370,965	372,264	6.4	4.62	2022	1,208,376	1,208,376	6.2	3.62
1995	403,588	403,588	8.4	4.80					
1996	436,892	436,892	8.3	4.82					
1997	438,135	438,135	0.3	4.69					
1998	484,181	484,181	10.5	5.24					
1999	539,068	539,068	11.3	5.17					



Source(s): Glenn Hegar, Texas Comptroller; Texas Higher Education Coordinating Board

**HOTEL OCCUPANCY TAX**  
**Revenue Objects 3138 and 3139**

**RATE AND BASE**

<i>State:</i>	6% of the room rate paid by occupant
<i>Local:</i>	Cities — not to exceed 7% (up to 9% in special cases); counties — not to exceed 7% (less than 7% or up to 9%, depending on specific circumstances; sports and community venues — not to exceed 2%
<i>Federal:</i>	None
<i>Major Exemptions:</i>	Federal employees, long-term tenants, educational, charitable, and religious organizations

**ADMINISTRATION**

<i>Agency:</i>	Comptroller of Public Accounts
<i>Number of Taxpayers:</i>	11,755
<i>Payment Cycle:</i>	Monthly or quarterly
<i>Due Date:</i>	Monthly — 20th day of the month for the preceding month Quarterly — 20th day of April, July, October, and January for the preceding quarter
<i>Remitted By:</i>	Hotel, motel, and other lodging owners

**LEGAL CITATION(S)**

Texas Tax Code, §§ 156.051 - 156.052 (state)  
Texas Tax Code, §§ 351.001 - 351.110 (cities)  
Texas Tax Code, §§ 352.001 - 352.109 (counties)  
Texas Local Government Code, §§ 334.251-334.258 (sports and community venues)

**ENACTED**

56th Legislature (1959) 3% (state)  
62nd Legislature (1971) (for cities)  
67th Legislature (1981) (for counties)  
75th Legislature (1997) (for sports and community venues)

**RATE AND BASE CHANGES**

68th Legislature (1984) 4% (eff. 10/2/84)  
70th Legislature (1987) 6% (eff. 9/1/87)

**ALLOCATION**

General Revenue Fund 0001 and/or certain Events Trust Funds — 91.67%  
GR - Account Hotel Occupancy Tax for Economic Development 5003 — 8.33%

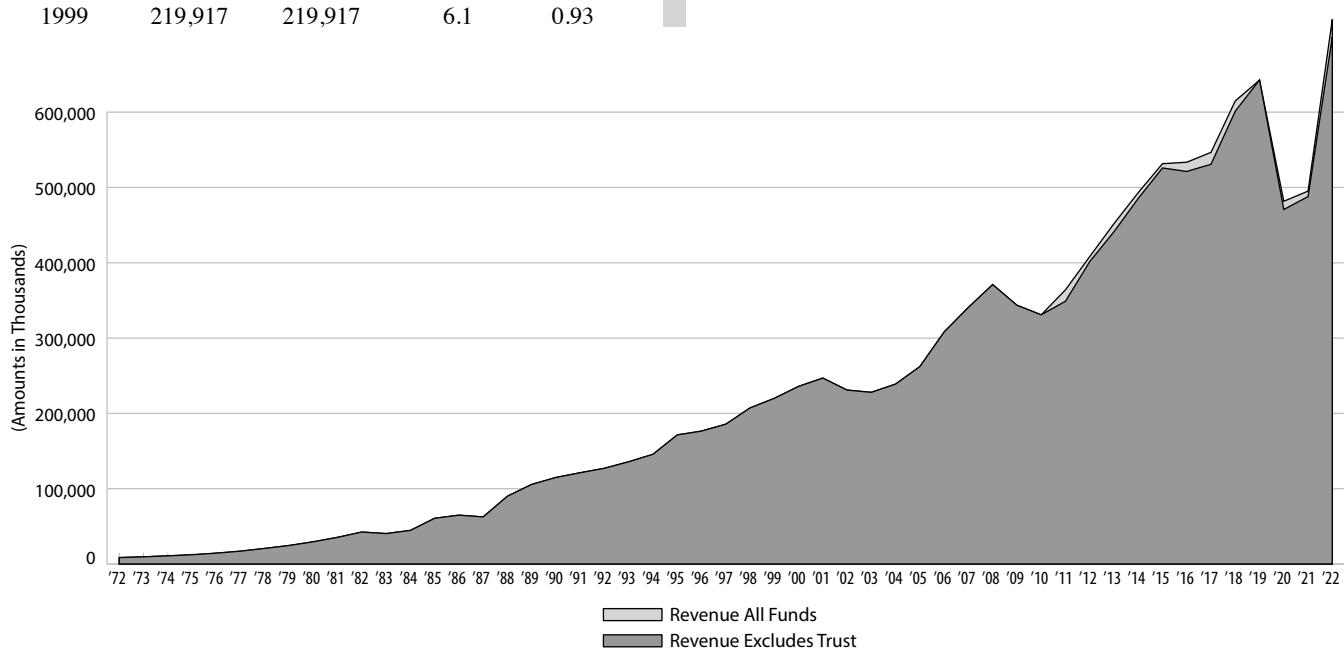
Note: certain coastal municipalities are eligible to receive refunds of state funds, based on their hotel revenue and computed to be equivalent to an amount representative of two percent of the six percent state tax rate, from the General Revenue Fund.

**HOTEL OCCUPANCY TAX (concluded)**  
**Revenue Objects 3138 and 3139**

**NET COLLECTIONS**  
(Amounts in Thousands)

Year	Revenue All Funds	Revenue Excludes Trust	Percent Change	Percent of Taxes	Year	Revenue All Funds	Revenue Excludes Trust	Percent Change	Percent of Taxes
1972	\$ 8,482	\$ 8,482	-	0.36	2000	\$ 235,804	\$ 235,804	7.2	0.93
1973	9,483	9,483	11.8	0.37	2001	246,813	246,813	4.7	0.91
1974	10,803	10,803	13.9	0.36	2002	230,909	230,909	(6.4)	0.88
1975	12,236	12,236	13.3	0.36	2003	227,899	227,899	(1.3)	0.87
1976	14,378	14,378	17.5	0.37	2004	238,862	238,862	4.8	0.86
1977	17,020	17,020	18.4	0.39	2005	262,092	262,092	9.7	0.88
1978	20,681	20,681	21.5	0.41	2006	308,019	308,019	17.5	0.92
1979	24,528	24,528	18.6	0.46	2007	340,634	340,634	10.6	0.92
1980	29,478	29,478	20.2	0.46	2008	370,980	370,980	8.9	0.90
1981	35,368	35,368	20.0	0.46	2009	343,544	343,544	(7.4)	0.91
1982	42,397	42,397	19.9	0.49	2010	330,809	330,809	(3.7)	0.94
1983	40,373	40,373	(4.8)	0.48	2011 <sup>1</sup>	364,083	348,796	5.4	0.90
1984	44,563	44,563	10.4	0.48	2012	408,167	401,411	15.1	0.91
1985	60,677	60,677	36.2	0.57	2013	451,944	441,132	9.9	0.92
1986	64,818	64,818	6.8	0.63	2014	493,162	485,385	10.0	0.95
1987	62,498	62,498	(3.6)	0.61	2015	531,573	525,819	8.3	1.02
1988	89,969	89,969	44.0	0.73	2016	533,498	521,153	(0.9)	1.08
1989	105,639	105,639	17.4	0.82	2017	546,613	530,716	1.8	1.07
1990	114,889	114,889	8.8	0.84	2018	614,894	601,244	13.3	1.08
1991	121,140	121,140	5.4	0.81	2019	642,540	642,540	6.9	1.08
1992	127,080	127,080	4.9	0.80	2020	481,678	470,703	(26.7)	0.82
1993	135,735	135,735	6.8	0.80	2021	495,159	487,815	3.6	0.79
1994	145,655	145,655	7.3	0.80	2022	723,245	699,939	43.5	0.91

<sup>1</sup> Starting in 2011, the Events Trust Fund, Major Events Reimbursement Program Fund (trust), Special Events Trust Fund (repealed), and the Motor Sports and Racing Trust Fund started receiving certain taxes



Source(s): Glenn Hegar, Texas Comptroller

## **INSURANCE MAINTENANCE TAXES — DEPARTMENT OF INSURANCE**

### **Revenue Object 3203**

#### **RATE AND BASE**

<i>State:</i>	Various rates set annually by Texas Department of Insurance, not to exceed legislative caps, on correctly reported gross insurance/annuity premiums or enrollees covered by Health Maintenance Organization (HMO) policies and certificates for the preceding calendar year
<i>Local:</i>	None
<i>Federal:</i>	None
<i>Major Exemptions:</i>	None

#### **ADMINISTRATION**

<i>Agency:</i>	Comptroller of Public Accounts
<i>Number of Taxpayers:</i>	2,850
<i>Payment Cycle:</i>	Annually
<i>Due Date:</i>	March 1st
<i>Remitted By:</i>	Insurance companies, HMOs, burial associations, non-profit legal services, third party administrators, and certified self-insurers

#### **LEGAL CITATION(S)**

Texas Insurance Code, §§ 251.001, 252.001-002, 253.001-002, 254.001-002, 255.001-002, 256.001-002, 258.002-003, 259.002-003, 260.001-002, 261.002-003, 271.002-005, 888.051, 964.068

#### **ENACTED**

36th Legislature (1920) Fire and catastrophe insurance

#### **RATE AND BASE CHANGES**

40th Legislature (1927) Motor vehicle insurance added  
41st Legislature (1929) Title insurance added  
45th Legislature (1937) Workers' compensation insurance added  
49th Legislature (1945) General casualty insurance added  
50th Legislature (1947) Burial associations added  
64th Legislature (1975) Prepaid legal added (eff. 9/1/75); HMOs added (eff. 12/1/75)  
66th Legislature (1979) Aircraft added (eff. 6/7/79); HMOs removed (eff. 6/13/79)  
70th Legislature (1987) Life, Accident, and Health (LAH) and HMOs added (eff. 8/31/87)  
70th Legislature, 2nd Called Session (1987) Third party administrators added (eff. 10/20/87)  
78th Legislature (2003) Certified self-insurer groups added (eff. 9/1/03)  
80th Legislature (2007) Workers' compensation third-party administrators added (eff. 1/1/08)  
83rd Legislature (2013) Captive insurance companies added  
84th Legislature (2015) First \$3.05 million of total annual maintenance tax revenue to new Floodplain Management Fund 0330; remainder to GR - Account Department of Insurance Operating 0036  
86th Legislature (2019) Repealed tax for nonprofit legal services

NOTE: Prior to 1994, this revenue code was used for maintenance taxes collected by the Workers Compensation Commission (WCC) and Workers Compensation Research and Oversight Counsel only. From 1994 to 1995, this code was used for all maintenance taxes collected. Beginning in 1996, some workers compensation taxes were moved to separate revenue object codes (3219, 3220). This revenue code now accounts for all other insurance maintenance taxes

#### **ALLOCATION**

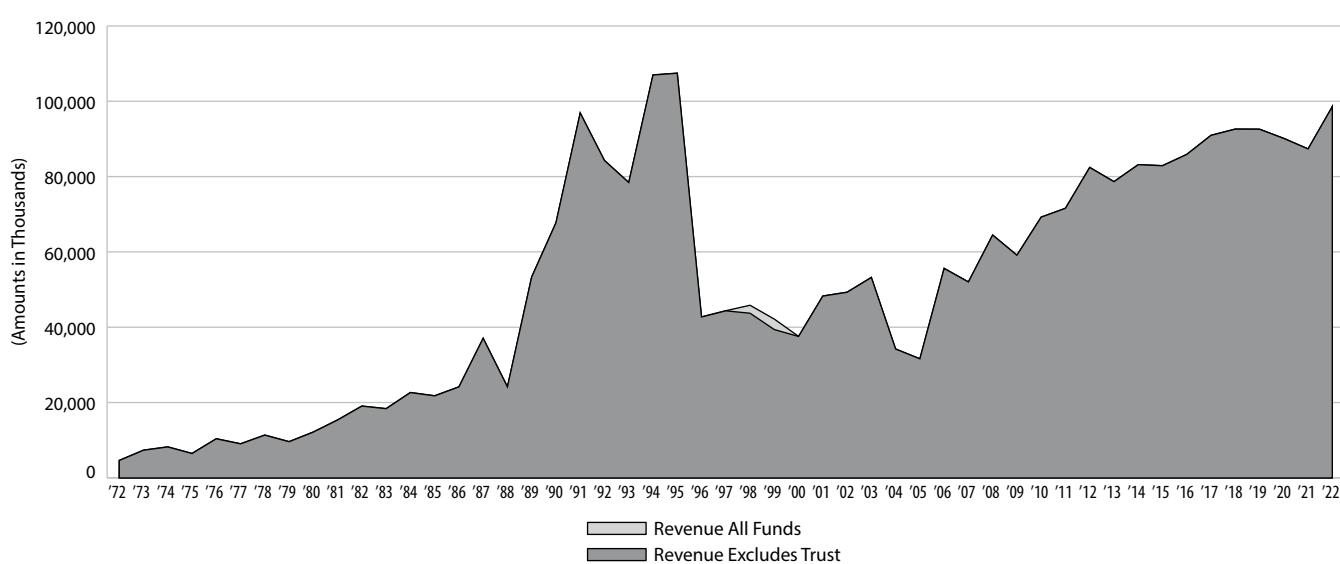
Texas Infrastructure Resiliency 0175 — first \$3.05 million in total annual maintenance tax revenue;  
GR - Account Department of Insurance Operating 0036 — remainder

**INSURANCE MAINTENANCE TAXES — DEPARTMENT OF INSURANCE (concluded)**  
**Revenue Object 3203 \***

**NET COLLECTIONS**  
(Amounts in Thousands)

Year	Revenue All Funds	Revenue Excludes Trust	Percent Change	Percent of Taxes	Year	Revenue All Funds	Revenue Excludes Trust	Percent Change	Percent of Taxes
1972	\$ 4,637	\$ 4,637	-	0.20	2000	\$ 37,575	\$ 37,575	(4.7)	0.15
1973	7,364	7,364	58.8	0.29	2001	48,296	48,296	28.5	0.18
1974	8,237	8,237	11.9	0.27	2002	49,308	49,308	2.1	0.19
1975	6,487	6,487	(21.2)	0.19	2003	53,237	53,237	8.0	0.20
1976	10,402	10,402	60.3	0.27	2004	34,230	34,230	(35.7)	0.12
1977	9,057	9,057	(12.9)	0.20	2005	31,629	31,629	(7.6)	0.11
1978	11,371	11,371	25.5	0.23	2006	55,637	55,637	75.9	0.17
1979	9,622	9,622	(15.4)	0.18	2007	52,039	52,039	(6.5)	0.14
1980	12,181	12,181	26.6	0.19	2008	64,500	64,500	23.9	0.16
1981	15,392	15,392	26.4	0.20	2009	59,139	59,139	(8.3)	0.16
1982	19,079	19,079	24.0	0.22	2010	69,257	69,257	17.1	0.20
1983	18,389	18,389	(3.6)	0.22	2011	71,599	71,599	3.4	0.18
1984	22,672	22,672	23.3	0.24	2012	82,453	82,453	15.2	0.19
1985	21,802	21,802	(3.8)	0.20	2013	78,669	78,669	(4.6)	0.16
1986	24,171	24,171	10.9	0.24	2014	83,188	83,188	5.7	0.16
1987	37,082	37,082	53.4	0.36	2015	82,911	82,911	(0.3)	0.16
1988	24,188	24,188	(34.8)	0.20	2016	85,903	85,903	3.6	0.18
1989	53,372	53,372	120.6	0.41	2017	90,973	90,973	5.9	0.18
1990	67,751	67,751	26.9	0.50	2018	92,631	92,631	1.8	0.17
1991	96,901	96,901	43.0	0.65	2019	92,597	92,597	(0.0)	0.16
1992	84,293	84,293	(13.0)	0.53	2020	90,156	90,156	(2.6)	0.16
1993	78,447	78,447	(6.9)	0.46	2021	87,369	87,369	(3.1)	0.14
1994	107,009	107,009	36.4	0.59	2022	98,596	98,596	12.9	0.13
1995	107,475	107,475	0.4	0.57					
1996	42,747	42,747	(60.2)	0.22					
1997	44,380	44,380	3.8	0.21					
1998	45,828	43,751	(1.4)	0.19					
1999	42,155	39,414	(9.9)	0.17					

\* Revenue object code 3671 (relating to funds remitted under protest) was available through fiscal 2004 for use with this revenue source in calculating net collections



Source(s): Glenn Hegar, Texas Comptroller; Texas Department of Insurance

**INSURANCE MAINTENANCE TAX — WORKERS' COMPENSATION DIVISION  
AND OFFICE OF INJURED EMPLOYEE COUNSEL  
Revenue Object 3219**

**RATE AND BASE**

<i>State:</i>	A rate set annually by the Texas Department of Insurance, not to exceed 2% of the correctly reported gross workers' compensation insurance premiums for the preceding calendar year
<i>Local:</i>	None
<i>Federal:</i>	None
<i>Major Exemptions:</i>	None

**ADMINISTRATION**

<i>Agency:</i>	Comptroller of Public Accounts
<i>Number of Taxpayers:</i>	315 insurance companies and 2 self-insurers
<i>Payment Cycle:</i>	Annually
<i>Due Date:</i>	March 1st — for policies issued in the preceding calendar year (insurance companies); 60th day following initial certification or annual renewal (self-insurers)
<i>Remitted By:</i>	Insurance companies writing workers' compensation insurance and workers' compensation self-insurers

**LEGAL CITATION(S)**

Texas Labor Code, §§ 403.002-.003, 403.007, 407.103, 407A.302

**ENACTED**

55th Legislature (1957) 0.25% (eff. 9/1/57)

**RATE AND BASE CHANGES**

62nd Legislature (1971) Self-insurers added to base (eff. 9/1/71)
65th Legislature (1977) 0.45% (eff. 8/29/77)
69th Legislature (1985) Not to exceed 0.70% (eff. 9/1/85)
71st Legislature (1989) Rate set annually, not to exceed 2% (eff. 4/1/90)

NOTE: For 1978-95, this tax was collected under object code 3203. After 1995 object code 3219 was used.

**ALLOCATION**

GR - Account Department of Insurance Operating 0036 — 100%

**INSURANCE MAINTENANCE TAX — WORKERS' COMPENSATION DIVISION  
AND OFFICE OF INJURED EMPLOYEE COUNSEL (concluded)**  
**Revenue Object 3219**

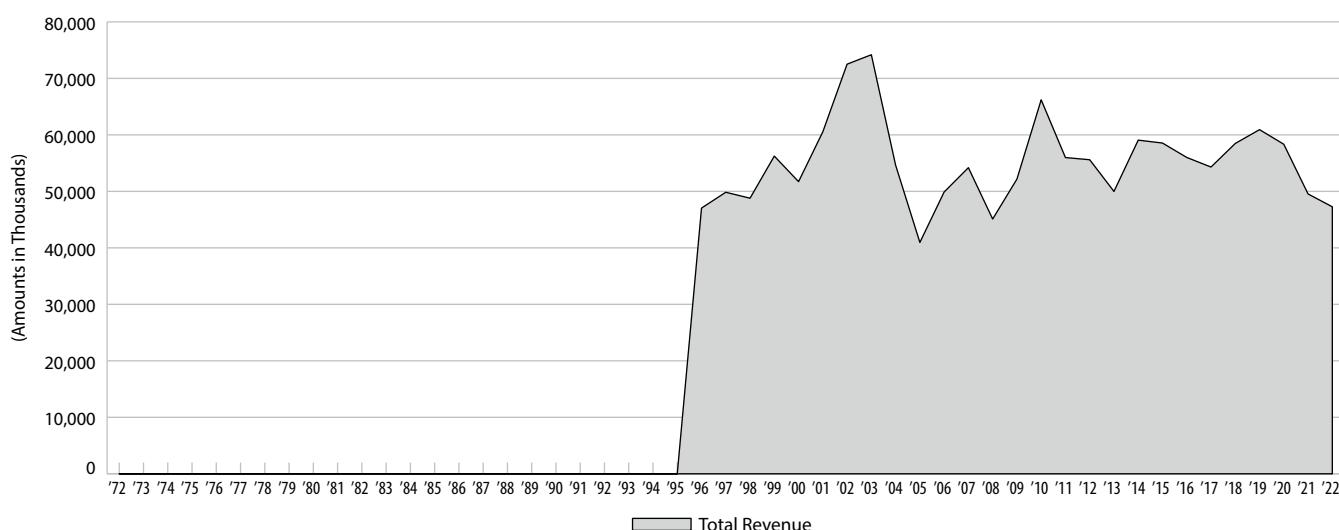
**NET COLLECTIONS**

(Amounts in Thousands)

Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Taxes	Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Taxes
1972	\$ 0	-	0.00	2000	\$ 51,718	(8.1)	0.20
1973	0	-	0.00	2001	60,547	17.1	0.22
1974	0	-	0.00	2002	72,518	19.8	0.28
1975	0	-	0.00	2003	74,188	2.3	0.28
1976	0	-	0.00	2004	54,638	(26.4)	0.20
1977	0	-	0.00	2005	40,963	(25.0)	0.14
1978	0	-	0.00	2006	49,884	21.8	0.15
1979	0	-	0.00	2007	54,196	8.6	0.15
1980	0	-	0.00	2008	45,101	(16.8)	0.11
1981	0	-	0.00	2009	52,170	15.7	0.14
1982	0	-	0.00	2010	66,207	26.9	0.19
1983	0	-	0.00	2011	55,984	(15.4)	0.14
1984	0	-	0.00	2012	55,599	(0.7)	0.13
1985	0	-	0.00	2013	49,988	(10.1)	0.10
1986	0	-	0.00	2014	59,071	18.2	0.12
1987	0	-	0.00	2015	58,554	(0.9)	0.11
1988	0	-	0.00	2016	56,006	(4.4)	0.12
1989	0	-	0.00	2017	54,305	(3.0)	0.11
1990	0	-	0.00	2018	58,481	7.7	0.11
1991	0	-	0.00	2019	60,928	4.2	0.10
1992	0	-	0.00	2020	58,340	(4.2)	0.10
1993	0	-	0.00	2021	49,541	(15.1)	0.08
1994	0	-	0.00	2022	47,267	(4.6)	0.06
1995	0	-	0.00				
1996 <sup>1</sup>	47,042	-	0.24				
1997	49,841	5.9	0.24				
1998	48,790	(2.1)	0.22				
1999	56,247	15.3	0.24				

<sup>†</sup> No revenue deposited to trust

<sup>1</sup> Prior to 1996 this revenue was deposited to object code 3203



Source(s): Glenn Hegar, Texas Comptroller; Texas Department of Insurance

## **INSURANCE PREMIUM TAXES**

### **Revenue Object 3201 \***

#### **RATE AND BASE**

*State:*

Tax levied on gross premiums written in Texas:  
Accident and health insurance — 1.75%

Licensed captive insurers — 0.5% on premium written regardless of risk location, minimum tax of \$7,500 and maximum tax of \$200,000

Life insurance and Health Maintenance Organizations (HMOs) — 0.875% of the first \$450,000 in premiums or receipts and 1.75% on amounts in excess of \$450,000

Property and casualty insurance — 1.6%;

Retaliatory tax — applicable to foreign insurers only if insurance taxes and fees imposed by another state on Texas insurers exceed insurance taxes and fees imposed by Texas on the foreign insurer

Title insurance — 1.35%;

Unauthorized, independently procured and surplus lines — 4.85%

*Local:*

None

*Federal:*

None

*Major Exemptions:*

Certain Medicare premiums, public employee group coverage and crop insurance premiums reinsured by the Federal Crop Insurance Corporation (FCIC)

#### **ADMINISTRATION**

*Agency:* Comptroller of Public Accounts

*Number of Taxpayers:* 11,840

*Payment Cycle:* Estimated liability prepaid semiannually; annual report filed March 1 for actual premium tax

*Due Date:* Tax reports: Annually — March 1 (independently procured due annually on May 15)

Payments: semiannually — March 1 and August 1 (independently procured due annually on May 15)

*Remitted By:* Insurance companies, HMOs, surplus lines agents, independent procurers and buyers (or their agents) who procure insurance from entities out of state or unlicensed in Texas

#### **LEGAL CITATION(S)**

Texas Insurance Code, §§ 221.002, 222.002-003, 223A.003, 224.002, 224.004, 225.004, 226.003, 226.053, 281.004

Texas Labor Code, § 407A.304

#### **ENACTED**

Pre 1907: Insurance companies assessed a flat \$50 annual tax

30th Legislature (1907) Foreign life, accident and health

32nd Legislature (1911) Fire, casualty and other

44th Legislature (1936) Texas life, accident and health

70th Legislature (1987) Title separated from property and casualty

78th Legislature (2003) Certified self-insurer groups, CHIP and Medicaid HMOs and CAPCO premium tax credits for 2009-12

80th Legislature (2007) Certified Capital Companies (CAPCO) premium tax credits for 2013-16

83rd Legislature (2013) Captive insurance companies

#### **RATE AND BASE CHANGES**

See Appendix F

#### **ALLOCATION**

GR Account - Foundation School 0193 — 25%

General Revenue Fund 0001 — 75%

**INSURANCE PREMIUM TAXES (concluded)**  
**Revenue Object 3201 \***

**NET COLLECTIONS**  
(Amounts in Thousands)

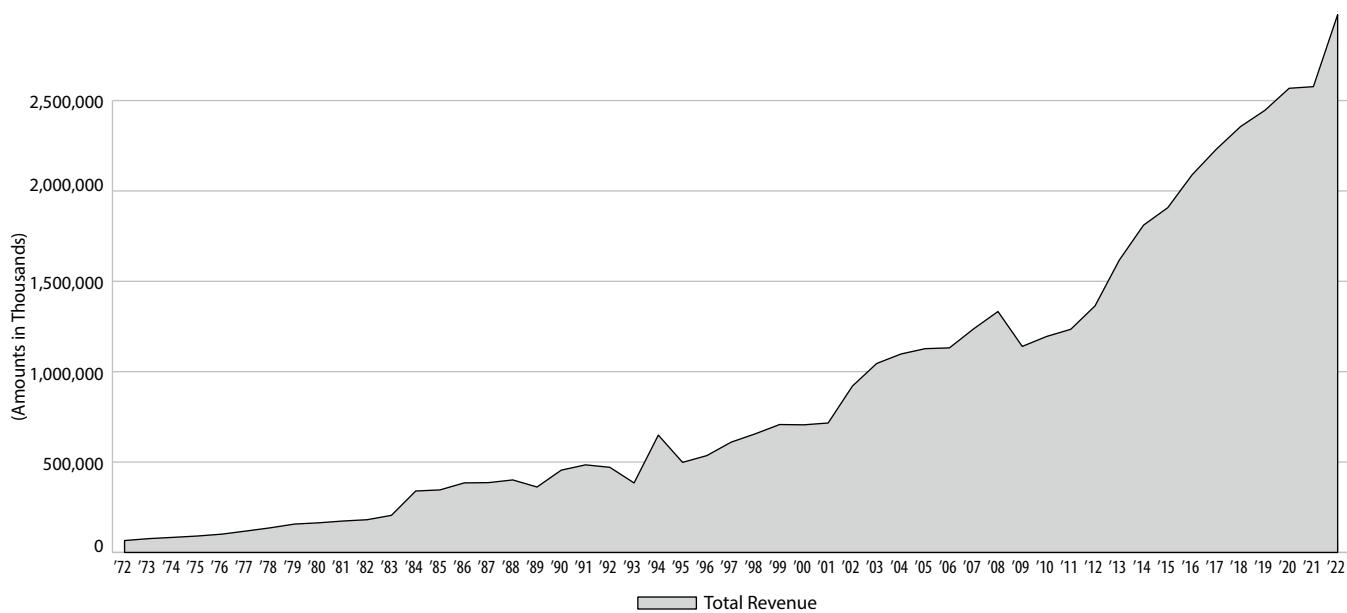
Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Taxes	Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Taxes
1972	\$ 65,854	-	2.81	2000	\$ 706,000	(0.2)	2.79
1973	76,382	16.0	2.96	2001	716,169	1.4	2.63
1974	83,414	9.2	2.76	2002	920,367	28.5	3.50
1975	90,795	8.8	2.69	2003	1,045,413	13.6	4.00
1976	101,045	11.3	2.58	2004	1,097,834	5.0	3.93
1977	118,302	17.1	2.68	2005	1,127,326	2.7	3.78
1978	136,062	15.0	2.70	2006	1,131,800	0.4	3.37
1979	156,881	15.3	2.91	2007	1,237,240	9.3	3.35
1980	163,926	4.5	2.58	2008	1,332,848	7.7	3.22
1981	173,774	6.0	2.24	2009 <sup>2</sup>	1,139,851	(14.5)	3.01
1982	181,037	4.2	2.09	2010	1,194,611	4.8	3.38
1983	205,304	13.4	2.42	2011	1,234,522	3.3	3.18
1984	339,788	65.5	3.65	2012	1,364,172	10.5	3.09
1985	345,955	1.8	3.23	2013	1,617,191	18.5	3.38
1986	384,716	11.2	3.76	2014	1,810,738	12.0	3.55
1987	386,175	0.4	3.76	2015	1,907,673	5.4	3.69
1988	401,134	3.9	3.24	2016	2,088,988	9.5	4.31
1989	361,936	(9.8)	2.80	2017	2,230,844	6.8	4.49
1990	455,285	25.8	3.34	2018	2,356,335	5.6	4.24
1991	484,583	6.4	3.25	2019	2,445,696	3.8	4.12
1992	470,931	(2.8)	2.97	2020	2,567,849	5.0	4.48
1993 <sup>1</sup>	384,530	(18.3)	2.26	2021	2,576,870	0.4	4.19
1994 <sup>1</sup>	649,054	68.8	3.58	2022	2,975,169	15.5	3.85
1995	498,195	(23.2)	2.64				
1996	535,804	7.5	2.71				
1997	610,050	13.9	2.88				
1998	656,434	7.6	2.90				
1999	707,665	7.8	3.00				

\* Revenue object code 3654 (relating to funds remitted under protest) was available through fiscal 2004 for use with this revenue source in calculating net collections

<sup>†</sup> No revenue deposited to trust

<sup>1</sup> \$73.9 million collected in fiscal 1993 was not processed until fiscal 1994; fiscal 1994 also includes \$105 million in speed-up

<sup>2</sup> Includes a \$48.7 million deduction for CAPCO premium tax credits (HB 2425)



Source(s): Glenn Hegar, Texas Comptroller; Texas Department of Insurance

**LIQUOR TAX**  
**Revenue Object 3253**

**RATE AND BASE**

*State:* \$2.40 per gallon  
*Local:* None  
*Federal:* \$13.50 per proof gallon  
*Major Exemptions:* Federal military facility sales

**ADMINISTRATION**

*Agency:* Texas Alcoholic Beverage Commission  
*Number of Taxpayers:* 406  
*Payment Cycle:* Monthly  
*Due Date:* 15th day of the month for the preceding month  
*Remitted By:* Liquor wholesalers

**LEGAL CITATION(S)**

Texas Alcoholic Beverage Code, § 201.03 (the “Distilled Spirits” tax)  
Texas Alcoholic Beverage Code, § 201.06 (“Payment of Tax; Discounts”)  
Texas Alcoholic Beverage Code, § 201.17 (“Liquor in Metric Containers”)  
Texas Alcoholic Beverage Code, § 201.02 (“Disposition of Receipts”)

**ENACTED**

44th Legislature (1935) \$0.80 per gallon

**RATE AND BASE CHANGES**

44th Legislature (1936) \$0.96 per gallon  
47th Legislature (1941) \$1.28 per gallon  
51st Legislature (1950) \$1.408 per gallon (temporary)  
52nd Legislature (1951) \$1.408 per gallon  
56th Legislature (1959) \$1.68 per gallon  
62nd Legislature (1971) \$2 per gallon  
68th Legislature (1984) \$2.40 per gallon (eff. Oct. 2 1984)

**ALLOCATION**

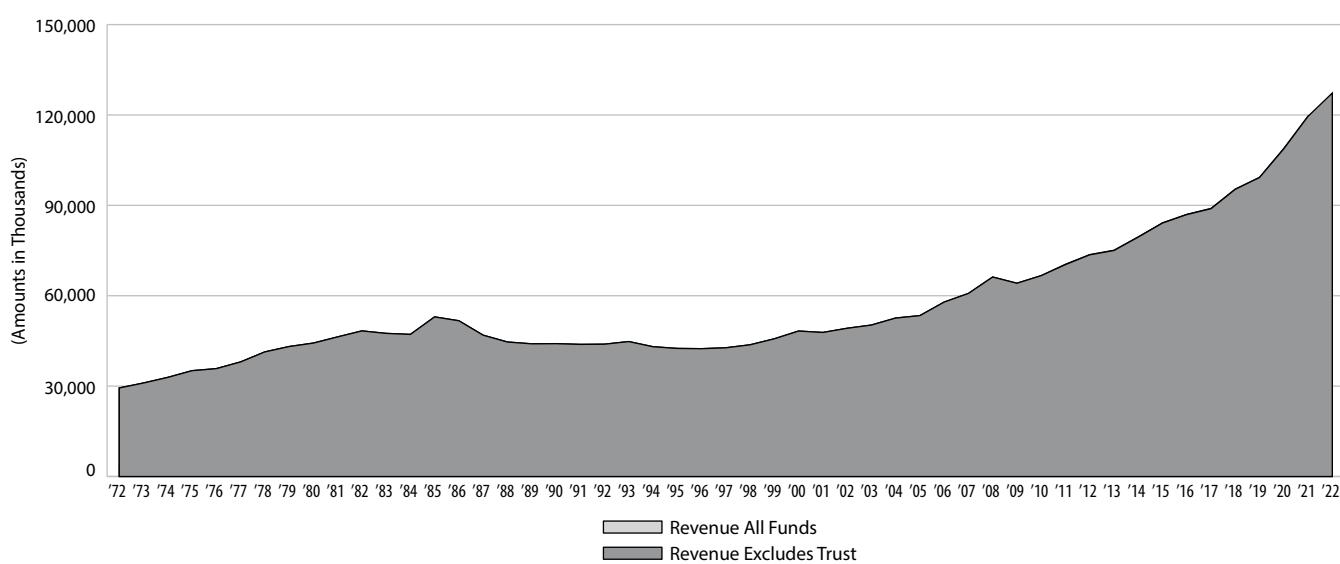
General Revenue Fund 0001 and/or certain Events Trust Funds — 100%

**LIQUOR TAX (concluded)**  
**Revenue Object 3253**

**NET COLLECTIONS**  
(Amounts in Thousands)

Year	Revenue All Funds	Revenue Excludes Trust	Percent Change	Percent of Taxes	Year	Revenue All Funds	Revenue Excludes Trust	Percent Change	Percent of Taxes
1972	\$ 29,388	\$ 29,388	-	1.25	2000	\$ 48,281	\$ 48,281	5.6	0.19
1973	31,038	31,038	5.6	1.20	2001	47,813	47,813	(1.0)	0.18
1974	32,901	32,901	6.0	1.09	2002	49,201	49,201	2.9	0.19
1975	35,125	35,125	6.8	1.04	2003	50,271	50,271	2.2	0.19
1976	35,804	35,804	1.9	0.91	2004	52,595	52,595	4.6	0.19
1977	38,026	38,026	6.2	0.86	2005	53,403	53,403	1.5	0.18
1978	41,359	41,359	8.8	0.82	2006	57,897	57,897	8.4	0.17
1979	43,139	43,139	4.3	0.80	2007	60,763	60,763	4.9	0.16
1980	44,286	44,286	2.7	0.70	2008	66,214	66,214	9.0	0.16
1981	46,339	46,339	4.6	0.60	2009	64,149	64,149	(3.1)	0.17
1982	48,327	48,327	4.3	0.56	2010	66,671	66,671	3.9	0.19
1983	47,506	47,506	(1.7)	0.56	2011 <sup>1</sup>	70,439	70,347	5.5	0.18
1984	47,171	47,171	(0.7)	0.51	2012	73,642	73,584	4.6	0.17
1985	52,981	52,981	12.3	0.49	2013	75,091	75,023	2.0	0.16
1986	51,695	51,695	(2.4)	0.51	2014	79,530	79,474	5.9	0.16
1987	46,906	46,906	(9.3)	0.46	2015	84,185	84,133	5.9	0.16
1988	44,647	44,647	(4.8)	0.36	2016	87,010	86,942	3.3	0.18
1989	44,042	44,042	(1.4)	0.34	2017	88,978	88,899	2.3	0.18
1990	44,097	44,097	0.1	0.32	2018	95,390	95,333	7.2	0.17
1991	43,857	43,857	(0.5)	0.29	2019	99,284	99,259	4.1	0.17
1992	43,918	43,918	0.1	0.28	2020	108,874	108,773	9.6	0.19
1993	44,795	44,795	2.0	0.26	2021	119,614	119,569	9.9	0.19
1994	43,079	43,079	(3.8)	0.24	2022	124,387	127,300	6.5	0.16
1995	42,514	42,514	(1.3)	0.23					
1996	42,430	42,430	(0.2)	0.21					
1997	42,725	42,725	0.7	0.20					
1998	43,717	43,717	2.3	0.19					
1999	45,708	45,708	4.6	0.19					

<sup>1</sup> Starting in 2011, the Events Trust Fund, Major Events Reimbursement Program Fund (trust), Special Events Trust Fund (repealed), and the Motor Sports Racing Trust Fund started receiving alcoholic beverage taxes



Source(s): Glenn Hegar, Texas Comptroller; Texas Alcoholic Beverage Commission

**LOTTERY PROCEEDS**  
**Transfer Objects 3922 and 3963**

**RATE AND BASE**

<i>State:</i>	\$1 to \$50 per instant game ticket; \$0.50 to \$2 per ticket for draw games (e.g., Mega Millions or Powerball)
<i>Local:</i>	None
<i>Federal:</i>	None
<i>Major Exemptions:</i>	None

**ADMINISTRATION**

<i>Agency:</i>	Texas Lottery Commission
<i>Number of Retailers:</i>	20,720
<i>Payment Cycle:</i>	Weekly
<i>Due Date:</i>	Each Wednesday
<i>Remitted By:</i>	Retailers

**LEGAL CITATION(S)**

Texas Government Code, Chapters 466 and 467

**ENACTED**

72nd Legislature, 1st C.S. (1991)

**RATE AND BASE CHANGES**

None

**ALLOCATION**

From gross lottery sales by retailers (fiscal 2015) of \$4.5 billion (source: Texas Lottery Commission):

Prizes — 63%  
Administration; retailer commissions and payments — 10% (12% legal cap)  
Net to State — 27%

Of fiscal 2015 net proceeds to state and after all winnings paid (source: Comptroller):

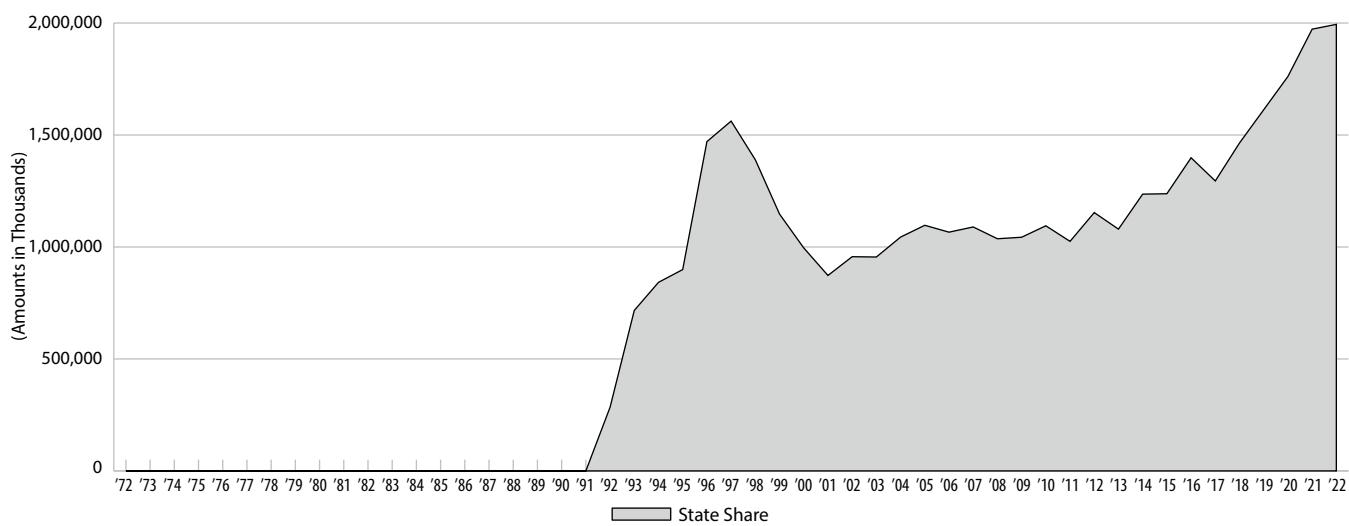
Associated with net game proceeds — \$1.16 billion  
To Foundation School, General Revenue-Dedicated account 0193, for education — \$1.15 billion  
To Fund for Veterans' Assistance 0368 — \$11.7 million  
Allocated Unclaimed Prizes — \$73.3 million

Unclaimed prize money (up to \$20 million) appropriated to State Owned Multicategorical Teaching Hospital Account 5049; then appropriated (up to \$5 million) to Health and Human Services Commission; then deposited (up to \$5 million) to Fund for Veterans' Assistance 0368; remainder to Foundation School 0193

**LOTTERY PROCEEDS (concluded)**  
**Transfer Object 3922 and 3963**

**NET COLLECTIONS**  
(Amounts in Thousands)

Year	State Share	Prizes, Admin- istration, and Other	Gross Ticket Sales	Percent Change	Percent of Other Revenue	Year	State Share	Prizes, Admin- istration, and Other	Gross Ticket Sales	Percent Change	Percent of Other Revenue
1972	\$ 0	\$ 0	\$ 0	-	0.00	2000	\$ 995,787	\$ 1,661,504	\$ 2,657,290	3.3	10.20
1973	0	0	0	-	0.00	2001	872,791	1,952,507	2,825,298	6.3	8.25
1974	0	0	0	-	0.00	2002	956,587	2,009,675	2,966,262	5.0	8.88
1975	0	0	0	-	0.00	2003	955,186	2,175,507	3,130,693	5.5	8.52
1976	0	0	0	-	0.00	2004	1,044,135	2,443,789	3,487,925	11.4	8.54
1977	0	0	0	-	0.00	2005	1,096,823	2,565,640	3,662,463	5.0	8.33
1978	0	0	0	-	0.00	2006	1,066,138	2,708,548	3,774,686	3.1	7.53
1979	0	0	0	-	0.00	2007	1,089,393	2,684,786	3,774,179	(0.0)	6.87
1980	0	0	0	-	0.00	2008	1,036,682	2,634,796	3,671,478	(2.7)	5.35
1981	0	0	0	-	0.00	2009	1,043,494	2,676,620	3,720,114	1.3	6.69
1982	0	0	0	-	0.00	2010	1,094,623	2,643,747	3,738,369	0.5	7.23
1983	0	0	0	-	0.00	2011	1,025,094	2,786,176	3,811,270	2.0	6.04
1984	0	0	0	-	0.00	2012	1,153,561	3,037,255	4,190,816	10.0	6.53
1985	0	0	0	-	0.00	2013	1,079,722	3,296,564	4,376,286	4.4	5.76
1986	0	0	0	-	0.00	2014	1,235,981	3,148,616	4,384,597	0.2	6.28
1987	0	0	0	-	0.00	2015	1,237,769	3,291,932	4,529,700	3.3	5.88
1988	0	0	0	-	0.00	2016	1,398,340	3,669,178	5,067,518	11.9	5.99
1989	0	0	0	-	0.00	2017	1,294,907	3,782,555	5,077,462	0.2	5.58
1990	0	0	0	-	0.00	2018	1,464,389	4,162,458	5,626,847	10.8	5.87
1991	0	0	0	-	0.00	2019	1,612,815	4,638,663	6,251,479	11.1	6.05
1992 <sup>1</sup>	284,277	307,294	591,571	-	5.28	2020	1,761,478	4,942,550	6,704,028	7.2	6.75
1993	716,546	1,139,545	1,856,091	213.8	10.34	2021	1,972,678	6,134,525	8,107,203	20.9	7.28
1994	842,083	1,918,135	2,760,217	48.7	10.46	2022	1,994,172	6,302,720	8,296,892	2.3	5.97
1995	899,061	2,137,457	3,036,517	10.0	10.68						
1996	1,470,375	1,961,934	3,432,309	13.0	16.21						
1997	1,562,073	2,183,396	3,745,469	9.1	16.74						
1998	1,389,446	1,700,586	3,090,032	(17.5)	15.05						
1999	1,146,962	1,424,638	2,571,600	(16.8)	11.00						



<sup>1</sup> Partial year: instant game ticket sales began May 29, 1992

Source(s): Glenn Hegar, Texas Comptroller; Texas Lottery Commission

**MALT BEVERAGE TAX**  
**Revenue Object 3258**

**RATE AND BASE**

*State:* \$6 per 31-gallon barrel  
*Local:* None  
*Federal:* \$18.00 per 31-gallon barrel  
*Major Exemptions:* Federal military facility sales

**ADMINISTRATION**

*Agency:* Texas Alcoholic Beverage Commission  
*Number of Taxpayers:* 485 (note: including brew pubs)  
*Payment Cycle:* Monthly  
*Due Date:* 15th day of the month for the preceding month  
*Remitted By:* Malt beverage distributors, manufacturers and brew pubs

**LEGAL CITATION(S)**

Texas Alcoholic Beverage Code, § 203.01

**ENACTED**

44th Legislature (1935) \$1.24 per barrel

**RATE AND BASE CHANGES**

51st Legislature (1950) \$1.364 per barrel (temporary)  
52nd Legislature (1951) \$1.37 per barrel  
53rd Legislature (1954) \$2 per barrel  
54th Legislature (1955) \$4.30 per barrel  
62nd Legislature (1971) \$5 per barrel  
68th Legislature (1984) \$6 per barrel (eff. 10/2/84)  
86th Legislature (2019) Previously known as the Beer Tax, name changed by HB 1545, effective Sept. 1, 2021. Taxes previously collected as Malt Liquor (Ale) are now collected under Malt Beverage Tax.

**ALLOCATION**

General Revenue Fund 0001 and/or certain Events Trust Funds — 100%

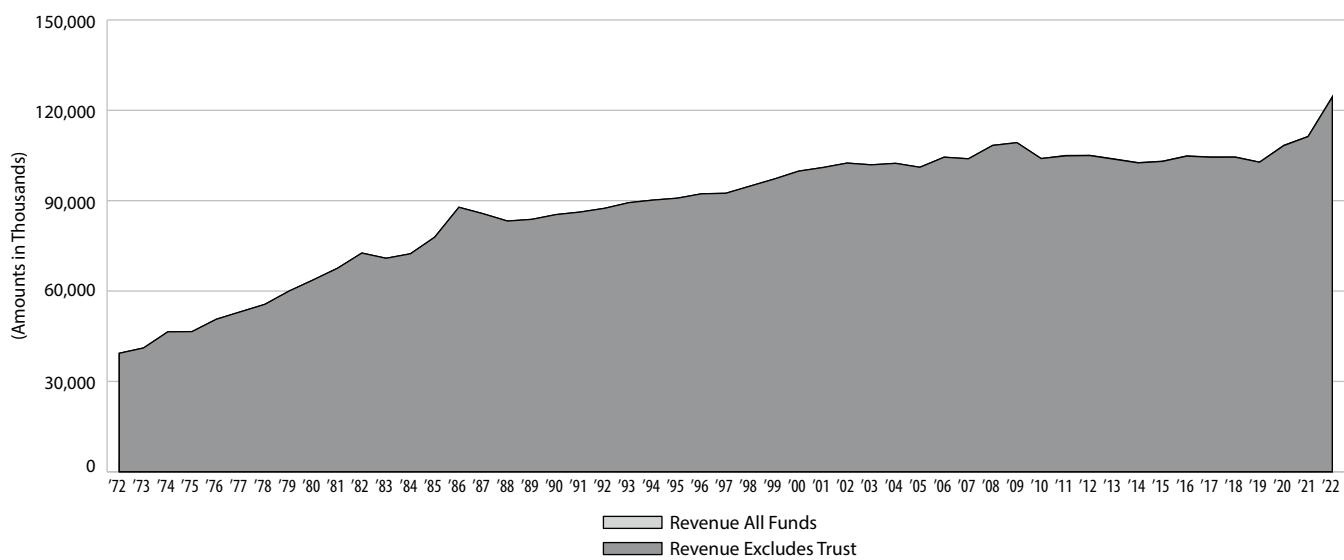
**MALT BEVERAGE TAX (concluded)**  
**Revenue Object 3258**

**NET COLLECTIONS**  
(Amounts in Thousands)

Year	Revenue All Funds	Revenue Excludes Trust	Percent Change	Percent of Taxes	Year	Revenue All Funds	Revenue Excludes Trust	Percent Change	Percent of Taxes
1972	\$ 39,329	\$ 39,329	-	1.68	2000	\$ 99,776	\$ 99,776	2.7	0.39
1973	41,083	41,083	4.5	1.59	2001	100,982	100,982	1.2	0.37
1974	46,435	46,435	13.0	1.53	2002	102,453	102,453	1.5	0.39
1975	46,514	46,514	0.2	1.38	2003	101,877	101,877	(0.6)	0.39
1976	50,620	50,620	8.8	1.29	2004	102,375	102,375	0.5	0.37
1977	53,100	53,100	4.9	1.20	2005	101,064	101,064	(1.3)	0.34
1978	55,565	55,565	4.6	1.10	2006	104,418	104,418	3.3	0.31
1979	59,976	59,976	7.9	1.11	2007	103,882	103,882	(0.5)	0.28
1980	63,697	63,697	6.2	1.00	2008	108,325	108,325	4.3	0.26
1981	67,571	67,571	6.1	0.87	2009	109,236	109,236	0.8	0.29
1982	72,595	72,595	7.4	0.84	2010	103,958	103,958	(4.8)	0.29
1983	70,862	70,862	(2.4)	0.83	2011 <sup>1</sup>	104,986	104,843	0.9	0.27
1984	72,347	72,347	2.1	0.78	2012	105,039	104,949	0.1	0.24
1985	77,842	77,842	7.6	0.73	2013	103,849	103,743	(1.1)	0.22
1986	87,790	87,790	12.8	0.86	2014	102,611	102,524	(1.2)	0.20
1987	85,641	85,641	(2.4)	0.83	2015	103,088	103,007	0.5	0.20
1988	83,219	83,219	(2.8)	0.67	2016	104,846	104,761	1.7	0.22
1989	83,773	83,773	0.7	0.65	2017	104,475	104,395	(0.3)	0.21
1990	85,356	85,356	1.9	0.63	2018	104,475	104,418	0.0	0.19
1991	86,207	86,207	1.0	0.58	2019	102,769	102,745	(1.6)	0.17
1992	87,438	87,438	1.4	0.55	2020	108,359	108,258	5.4	0.19
1993	89,309	89,309	2.1	0.53	2021	111,303	111,258	2.8	0.18
1994	90,178	90,178	1.0	0.50	2022 <sup>2</sup>	124,447	124,361	11.8	0.16
1995	90,802	90,802	0.7	0.48					
1996	92,259	92,259	1.6	0.47					
1997	92,433	92,433	0.2	0.44					
1998	94,812	94,812	2.6	0.42					
1999	97,167	97,167	2.5	0.41					

<sup>1</sup> Starting in 2011, the Events Trust Fund, Major Events Reimbursement Program Fund (trust), Special Events Trust Fund (repealed), and the Motor Sports Racing Trust Fund started receiving alcoholic beverage taxes

<sup>2</sup> Starting in 2022, name was changed and revenues from taxes on any malt beverage were collected as this Revenue Object. Previously collected as Revenue Object 3265



Source(s): Glenn Hegar, Texas Comptroller; Texas Alcoholic Beverage Commission

**MALT LIQUOR (ALE) TAX**  
**Revenue Object 3265**

**RATE AND BASE**

*State:* \$0.198 per gallon  
*Local:* None  
*Federal:* \$18.00 per 31-gallon barrel (\$0.58 per gallon)  
*Major Exemptions:* Federal military facility sales

**ADMINISTRATION**

*Agency:* Texas Alcoholic Beverage Commission  
*Number of Taxpayers:* 0 (note: revenue repealed 9-1-2021)  
*Payment Cycle:* Monthly  
*Due Date:* 15th day of the month for the preceding month  
*Remitted By:* Malt liquor (ale) wholesalers

**LEGAL CITATION(S)**

Texas Alcoholic Beverage Code, § 201.42 (the “Ale and Malt Liquor” tax)

**ENACTED**

44th Legislature (1935) \$0.15 per gallon

**RATE AND BASE CHANGES**

52nd Legislature (1951) \$0.165 per gallon  
68th Legislature (1984) \$0.198 per gallon (eff. 10/02/84)  
86th Legislature (2019) Malt Liquor Tax was repealed by HB 1545 effective Sept. 1, 2021 and replaced with Malt Beverage Tax collected as Revenue Object 3258

**ALLOCATION**

General Revenue Fund 0001 — 100%

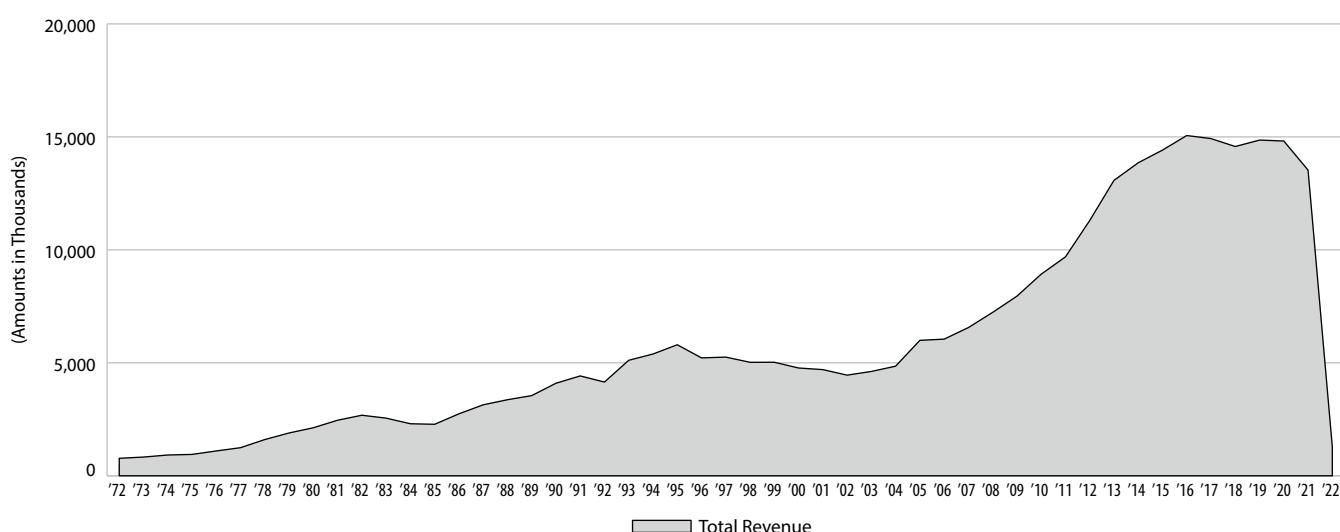
**MALT LIQUOR (ALE) TAX (concluded)**  
**Revenue Object 3265**

**NET COLLECTIONS**  
(Amounts in Thousands)

Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Taxes	Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Taxes
1972	\$ 774	-	0.03	2000	\$ 4,771	(5.1)	0.02
1973	829	7.2	0.03	2001	4,699	(1.5)	0.02
1974	920	10.9	0.03	2002	4,454	(5.2)	0.02
1975	946	2.8	0.03	2003	4,618	3.7	0.02
1976	1,099	16.2	0.03	2004	4,851	5.1	0.02
1977	1,244	13.2	0.03	2005	5,995	23.6	0.02
1978	1,604	28.9	0.03	2006	6,048	0.9	0.02
1979	1,895	18.2	0.04	2007	6,560	8.5	0.02
1980	2,126	12.2	0.03	2008	7,232	10.2	0.02
1981	2,459	15.6	0.03	2009	7,949	9.9	0.02
1982	2,680	9.0	0.03	2010	8,923	12.3	0.03
1983	2,552	(4.8)	0.03	2011	9,688	8.6	0.02
1984	2,303	(9.8)	0.02	2012	11,297	16.6	0.03
1985	2,279	(1.0)	0.02	2013	13,075	15.7	0.03
1986	2,742	20.3	0.03	2014	13,853	5.9	0.03
1987	3,141	14.6	0.03	2015	14,415	4.1	0.03
1988	3,366	7.1	0.03	2016	15,059	4.5	0.03
1989	3,548	5.4	0.03	2017	14,924	(0.9)	0.03
1990	4,096	15.4	0.03	2018	14,573	(2.4)	0.03
1991	4,420	7.9	0.03	2019	14,858	2.0	0.03
1992	4,148	(6.2)	0.03	2020	14,817	(0.3)	0.03
1993	5,112	23.3	0.03	2021	13,529	(8.7)	0.02
1994	5,390	5.4	0.03	2022*	1,280	(90.5)	0.00
1995	5,799	7.6	0.03				
1996	5,218	(10.0)	0.03				
1997	5,253	0.7	0.02				
1998	5,023	(4.4)	0.02				
1999	5,025	0.0	0.02				

\* Revenue was repealed Sept. 1, 2021; revenues collected were due prior to repeal

<sup>†</sup> No revenue deposited to trust



Source(s): Glenn Hegar, Texas Comptroller; Texas Alcoholic Beverage Commission

## **MANUFACTURED HOUSING SALES AND USE TAX**

### **Revenue Object 3104**

#### **RATE AND BASE**

<i>State:</i>	5% of 65% or .0325 of sales price on the initial sale or use of a new manufactured home
<i>Local:</i>	None
<i>Federal:</i>	None
<i>Major Exemptions:</i>	Sales to governments, certain nonprofit entities

#### **ADMINISTRATION**

<i>Agency:</i>	Comptroller of Public Accounts
<i>Number of Taxpayers:</i>	29
<i>Payment Cycle:</i>	Monthly
<i>Due Date:</i>	On or before the last day of the month for the preceding month
<i>Remitted By:</i>	Manufacturers

#### **LEGAL CITATION(S)**

Texas Tax Code, §§ 158.051, 158.052, 158.057, 158.058, 158.101

#### **ENACTED**

67th Legislature (1982) 6.5% of 65% of manufacturer's selling price from Sept. 1, 1983 to Aug. 31, 1983; 5% of 65%, beginning Mar. 1, 1982

#### **RATE AND BASE CHANGES**

None

#### **ALLOCATION**

General Revenue Fund 0001 — 100%

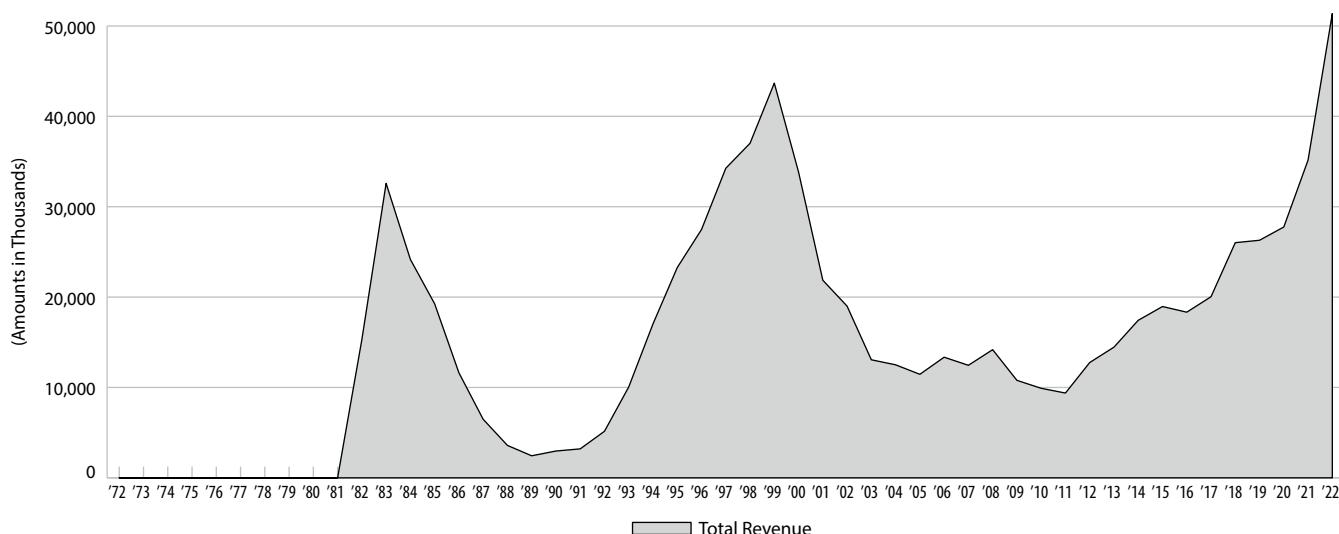
**MANUFACTURED HOUSING SALES AND USE TAX (concluded)**  
**Revenue Object 3104**

**NET COLLECTIONS**  
(Amounts in Thousands)

Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Taxes	Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Taxes
1972	\$ 0	-	0.00	2000	\$ 33,829	(22.5)	0.13
1973	0	-	0.00	2001	21,862	(35.4)	0.08
1974	0	-	0.00	2002	18,996	(13.1)	0.07
1975	0	-	0.00	2003	13,062	(31.2)	0.05
1976	0	-	0.00	2004	12,504	(4.3)	0.04
1977	0	-	0.00	2005	11,454	(8.4)	0.04
1978	0	-	0.00	2006	13,348	16.5	0.04
1979	0	-	0.00	2007	12,451	(6.7)	0.03
1980	0	-	0.00	2008	14,181	13.9	0.03
1981	0	-	0.00	2009	10,787	(23.9)	0.03
1982 <sup>‡</sup>	15,294	-	0.18	2010	9,907	(8.2)	0.03
1983	32,583	113.1	0.38	2011	9,380	(5.3)	0.02
1984	24,167	(25.8)	0.26	2012	12,757	36.0	0.03
1985	19,256	(20.3)	0.18	2013	14,459	13.3	0.03
1986	11,623	(39.6)	0.11	2014	17,429	20.5	0.03
1987	6,480	(44.3)	0.06	2015	18,954	8.8	0.04
1988	3,588	(44.6)	0.03	2016	18,329	(3.3)	0.04
1989	2,439	(32.0)	0.02	2017	20,037	9.3	0.04
1990	2,966	21.6	0.02	2018	26,020	29.9	0.05
1991	3,205	8.0	0.02	2019	26,287	1.0	0.04
1992	5,151	60.7	0.03	2020	27,751	5.6	0.05
1993	10,056	95.2	0.06	2021	35,154	26.7	0.06
1994	17,034	69.4	0.09	2022	51,366	46.1	0.07
1995	23,268	36.6	0.12				
1996	27,476	18.1	0.14				
1997	34,251	24.7	0.16				
1998	37,020	8.1	0.16				
1999	43,674	18.0	0.18				

<sup>†</sup> No revenue deposited to trust

<sup>‡</sup> Before 1982, Manufactured Housing Sales and Use tax receipts were deposited under object code 3004 for the Motor Vehicle Sales and Use tax



Source(s): Glenn Hegar, Texas Comptroller

## **MEDICAL EXAM & REGISTRATION FEES**

### **Revenue Object 3560**

#### **RATE AND BASE**

<i>State:</i>	Examination and registration fees for: doctors; nurses; EMS; radiologic techs; midwives; perfusionists; respiratory care practitioners; physician assistants; and permits to administer medication to certain persons. Fees vary depending on occupation and initial or renewal application
<i>Local:</i>	None
<i>Federal:</i>	None
<i>Major Exemptions:</i>	None

#### **ADMINISTRATION**

<i>Agency:</i>	Texas Medical Board, Department of State Health Services, Health and Human Services Commission Texas Department of Licensing and Regulation, Texas Board of Nursing and the Texas Higher Education Coordinating Board
<i>No. of Fees Collected:</i>	N/A
<i>Payment Cycle:</i>	N/A
<i>Due Date:</i>	Annual, biennial or as determined by the appropriate agency
<i>Remitted By:</i>	Appropriate administrative agency

#### **LEGAL CITATION(S)**

Various, including parts of:  
Texas Health and Safety Code, Chapters 142, 242, 467 and 773  
Texas Occupations Code, Chapters 51, 101, 153, 155, 156, 162, 167, 203, 204, 301, 601, 603 and 604

#### **ENACTED**

Various, depending on fee

#### **RATE AND BASE CHANGES**

67th Legislature, 1st C.S. (1981) Amended doctor's fees  
68th Legislature (1983) Increased doctor's fees  
74th Legislature (1995) Added out-of-state/country Emergency Medical Services (EMS) certification  
75th Legislature (1997) Added EMS provisional license, paramedic license and training fees  
76th Legislature (1999) Increased doctor's fees. Added anesthesia in outpatient setting and physician-in-training fees  
78th Legislature (2003) Increased EMS fees and nursing licensing fees. Added nursing license surcharge  
81st Legislature (2009) Increased nursing license surcharge fees for radiologic techs, midwives, perfusionists, respiratory care practitioners and other medical professionals added since 1983  
84th Legislature (2015) Due date for fees associated with radiologic techs and midwives changed from annual to biennial  
85th Legislature (2017) Civil penalties repealed (midwives); expedited processing fee added for doctors

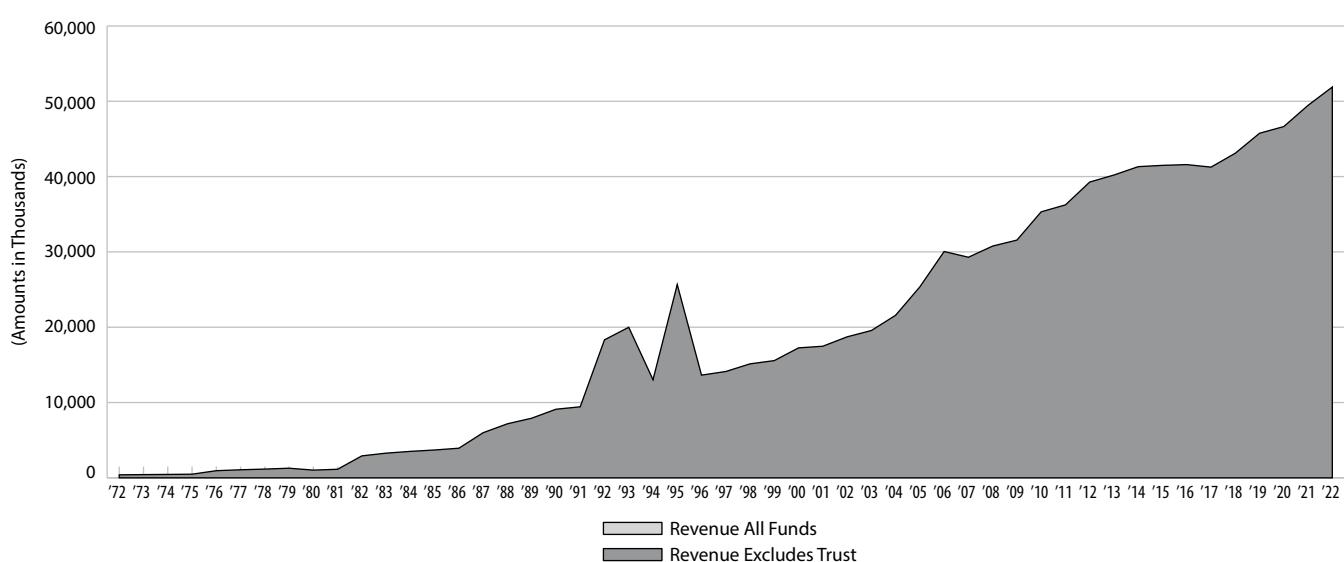
#### **ALLOCATION**

<i>Fee Revenue, Doctors:</i>	
General Revenue Fund 0001	
GR Account - Texas Physician Health Program 5147 (Texas Physician Health Program fee)	
<i>Fee Revenue, EMS:</i>	
GR Account - Bureau of Emergency Management 0512	
All Other Fee Revenue:	
General Revenue Fund 0001	

**MEDICAL EXAM & REGISTRATION FEES (concluded)**  
**Revenue Object 3560**

**NET COLLECTIONS**  
(Amounts in Thousands)

Year	Revenue All Funds	Revenue Excludes Trust	Percent Change	Percent of Other Revenue	Year	Revenue All Funds	Revenue Excludes Trust	Percent Change	Percent of Other Revenue
1972	\$ 398	\$ 398	-	0.08	2000	\$ 17,257	\$ 17,257	10.9	0.18
1973	429	429	7.8	0.08	2001	17,474	17,474	1.3	0.17
1974	452	452	5.3	0.07	2002	18,719	18,719	7.1	0.17
1975	484	484	7.1	0.06	2003	19,559	19,559	4.5	0.17
1976	948	948	96.0	0.10	2004	21,584	21,584	10.4	0.18
1977	1,069	1,069	12.8	0.10	2005	25,358	25,358	17.5	0.19
1978	1,161	1,161	8.6	0.09	2006	30,051	30,051	18.5	0.21
1979	1,278	1,278	10.0	0.10	2007	29,289	29,289	(2.5)	0.18
1980	1,025	1,025	(19.8)	0.06	2008	30,773	30,773	5.1	0.16
1981	1,137	1,137	10.9	0.05	2009	31,565	31,565	2.6	0.20
1982	2,915	2,915	156.5	0.12	2010	35,320	35,320	11.9	0.23
1983	3,278	3,278	12.4	0.15	2011	36,240	36,240	2.6	0.21
1984	3,513	3,513	7.2	0.14	2012	39,273	39,273	8.4	0.22
1985	3,698	3,698	5.3	0.12	2013	40,206	40,206	2.4	0.21
1986	3,934	3,934	6.4	0.10	2014	41,318	41,318	2.8	0.21
1987	5,993	5,993	52.3	0.17	2015	41,489	41,489	0.4	0.20
1988	7,175	7,175	19.7	0.20	2016	41,590	41,590	0.2	0.18
1989	7,917	7,917	10.3	0.21	2017	41,255	41,255	(0.8)	0.18
1990	9,107	9,107	15.0	0.22	2018	43,097	43,097	4.5	0.17
1991	9,432	9,432	3.6	0.22	2019	45,750	45,750	6.2	0.17
1992	18,320	18,320	94.2	0.34	2020	46,642	46,642	1.9	0.18
1993	19,993	19,993	9.1	0.29	2021	49,457	49,457	6.0	0.18
1994	13,030	13,030	(34.8)	0.16	2022	51,891	51,891	4.9	0.16
1995	25,663	25,663	97.0	0.30					
1996	13,636	13,636	(46.9)	0.15					
1997	14,120	14,117	3.5	0.15					
1998	15,130	15,133	7.2	0.16					
1999	15,566	15,566	2.9	0.15					



Source(s): Glenn Hegar, Texas Comptroller

**MIXED BEVERAGE TAXES**  
**Revenue Object 3250 and 3251\***

**RATE AND BASE**

<i>State:</i>	6.7% of gross receipts from the sale, preparation or service of mixed beverages or from the sale, preparation or service of ice or nonalcoholic beverages that are sold, prepared or served for mixing with an alcoholic beverage and consumed on the premises. An 8.25% mixed beverage sales tax, levied in addition to the gross receipts tax
<i>Local:</i>	Counties and cities each receive 10.7143% of total collections within jurisdiction
<i>Federal:</i>	None
<i>Major Exemptions:</i>	None

**ADMINISTRATION**

<i>Agency:</i>	Comptroller of Public Accounts
<i>Number of Taxpayers:</i>	16,058
<i>Payment Cycle:</i>	Monthly (both gross receipts and sales tax); quarterly (sales tax only)
<i>Due Date:</i>	20th day of the month for the preceding month or quarter, as appropriate
<i>Remitted By:</i>	Permitted sellers of mixed beverages

**LEGAL CITATION(S)**

Texas Tax Code, §§ 183.021, 183.023, 183.024, 183.041, 183.051

**ENACTED**

62nd Legislature (1971) 10%

**RATE AND BASE CHANGES**

68th Legislature (1984) 12% (eff. Oct. 2, 1984)  
71st Legislature (1990) 14% (eff. July 1, 1990)  
83rd Legislature (2013) Lowered existing gross receipts tax to 6.7%; added an 8.25% sales tax (both eff. Jan. 1, 2014)  
87th Legislature (2021) Allocation add the GR Account Specialty Court 5184

**ALLOCATION**

General Revenue Fund 0001 and/or certain Events Trust Funds—99%  
GR Account Specialty Court 5184 - 1%

Note: Counties, based on permittees outside cities, and municipalities, based on permittees inside cities, all receive refunds issued on the General Revenue Fund of amounts equal to 10.7143% of both mixed beverage gross receipts tax and mixed beverage sales tax revenue originating in their respective territories.

**MIXED BEVERAGE TAXES (concluded)**  
**Revenue Objects 3250 and 3251 \***

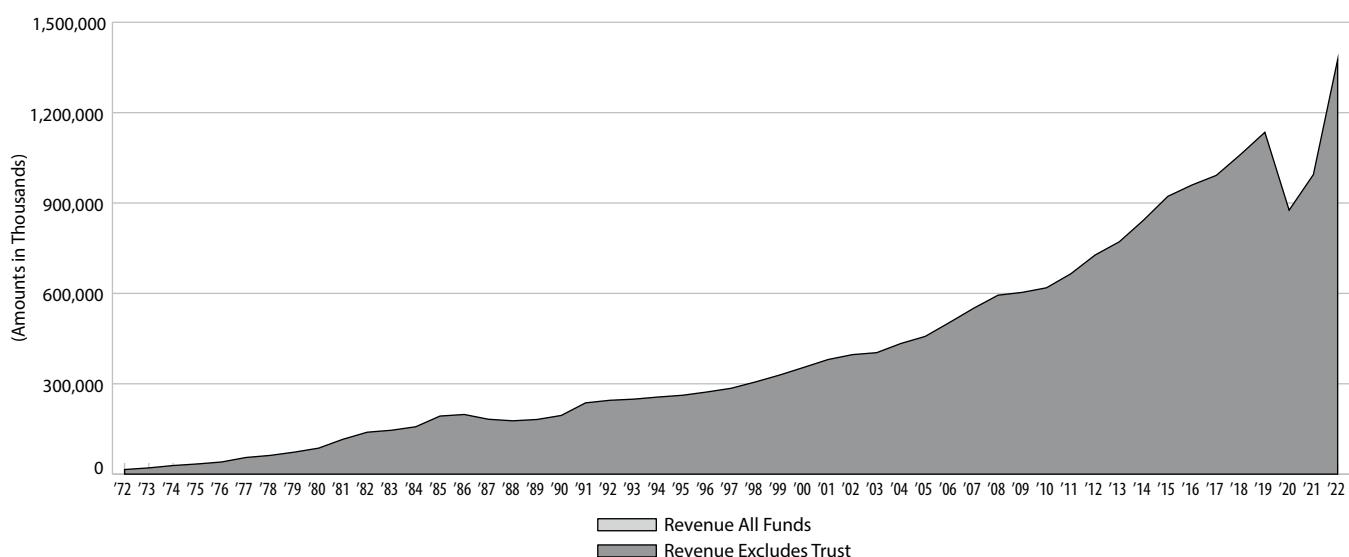
**NET COLLECTIONS**  
(Amounts in Thousands)

Year	Revenue All Funds	Revenue Excludes Trust	Percent Change	Percent of Taxes	Year	Revenue All Funds	Revenue Excludes Trust	Percent Change	Percent of Taxes
1972	\$ 15,367	\$ 15,367	-	0.66	2000	\$ 354,542	\$ 354,542	7.8	1.40
1973	20,799	20,799	35.3	0.81	2001	380,586	380,586	7.3	1.40
1974	28,665	28,665	37.8	0.95	2002	396,753	396,753	4.2	1.51
1975	33,869	33,869	18.2	1.00	2003	403,284	403,284	1.6	1.54
1976	40,428	40,428	19.4	1.03	2004	433,840	433,840	7.6	1.55
1977	55,300	55,300	36.8	1.25	2005	457,262	457,262	5.4	1.53
1978	62,230	62,230	12.5	1.24	2006	503,407	503,407	10.1	1.50
1979	73,103	73,103	17.5	1.36	2007	550,827	550,827	9.4	1.49
1980	86,416	86,416	18.2	1.36	2008	594,018	594,018	7.8	1.44
1981	115,795	115,795	34.0	1.50	2009	603,386	603,386	1.6	1.60
1982	139,227	139,227	20.2	1.61	2010	618,675	618,675	2.5	1.75
1983	145,750	145,750	4.7	1.72	2011 <sup>1</sup>	667,735	665,056	7.5	1.71
1984	157,317	157,317	7.9	1.69	2012	728,252	727,275	9.4	1.65
1985	192,846	192,846	22.6	1.80	2013	774,352	771,312	6.1	1.61
1986	198,107	198,107	2.7	1.94	2014 <sup>2</sup>	845,834	843,224	9.3	1.65
1987	182,261	182,261	(8.0)	1.78	2015	924,635	922,121	9.4	1.78
1988	177,042	177,042	(2.9)	1.43	2016	964,525	959,975	4.1	1.98
1989	181,505	181,505	2.5	1.41	2017	998,966	991,838	3.3	2.00
1990	194,880	194,880	7.4	1.43	2018	1,069,298	1,061,322	7.0	1.91
1991	236,645	236,645	21.4	1.59	2019	1,139,075	1,134,858	6.9	1.91
1992	245,199	245,199	3.6	1.55	2020	883,553	876,320	(22.8)	1.53
1993	249,073	249,073	1.6	1.46	2021	999,627	994,435	13.5	1.62
1994	256,072	256,091	2.8	1.41	2022	1,387,132	1,376,038	38.4	1.78
1995	261,900	261,900	2.3	1.39					
1996	272,728	272,709	4.1	1.38					
1997	285,050	285,050	4.5	1.35					
1998	306,026	306,026	7.4	1.35					
1999	328,998	328,998	7.5	1.39					

\* Revenue object code 3664 (relating to funds remitted under protest) was available through fiscal 2004 for use with Revenue Object 3250 in calculating net collections

<sup>1</sup> Starting in 2011, the Events Trust Fund, Major Events Reimbursement Program Fund (trust), Special Events Trust Fund (repealed) and the Motor Sports Racing Trust Fund started receiving alcoholic beverage taxes

<sup>2</sup> Starting in 2014, revenue object code 3251 was created for the new Mixed Beverage Sales Tax



Source(s): Glenn Hegar, Texas Comptroller

## **MOTOR VEHICLE CERTIFICATES**

### **Revenue Object 3012**

**RATE AND BASE**

<i>State:</i>	\$33 for each motor vehicle certificate of title issued in a federally-designated “nonattainment” county; \$28 for all other counties; \$8 for non-repairable/salvage vehicle title; \$65 rebuilder fee; \$25 for certificate when civil action is brought against non-resident motor vehicle owner.
<i>Local:</i>	None, but counties retain \$5 from each title fee
<i>Federal:</i>	None
<i>Major Exemptions:</i>	None

**ADMINISTRATION**

<i>Agency:</i>	Texas Department of Motor Vehicles (DMV)
<i>No. of Fees Collected:</i>	7,859,111
<i>Payment Cycle:</i>	Daily, except for funds invested by counties, which may be retained for an additional 34 days
<i>Due Date:</i>	See payment cycle above
<i>Remitted By:</i>	County tax assessor-collectors and DMV regional offices

**LEGAL CITATION(S)**

Texas Transportation Code, Chapters 501 and 520, § 731.051

**ENACTED**

46th Legislature (1939) \$0.25 per certificate of title

**RATE AND BASE CHANGES**

54th Legislature (1955) Increased fee to \$0.75
65th Legislature (1977) Increased fee to \$3.00
68th Legislature (1983) Increased fee to \$10.00
72nd Legislature (1991) Increased fee to \$13.00
78th Legislature (2003) For Texas Emissions Reduction Plan (TERP), raised \$13 title fee by \$20 in federally-designated “nonattainment” counties, \$15 in other counties; imposed \$8 application fee for non-repairable/salvage vehicle title; imposed \$65 rebuilder fee on application for regular certificate of title for salvage vehicle
79th Legislature (2005) Delayed 2 years fee change from \$20 to \$15 for titles purchased in nonattainment counties to Sept. 1, 2010 and continued to allocate \$5 of each \$20 fee collected to TERP Fund 5071 (thru Aug. 31, 2010); subjected all-terrain vehicles to title fee.
80th Legislature (2007) Removed permanently title fee change from \$20 to \$15 for titles purchased in nonattainment counties, and extended through Sept. 1, 2015 the allocation of \$5 of each \$20 title fee collected to TERP Fund 5071
81st Legislature (2009) Extended to Aug. 31, 2019 expiration of establishment by Comptroller of an amount of the fees deposited to Texas Mobility Fund from title fees each month, and the deposit of an equal amount from State Highway Fund 0006 to TERP Fund 5071; added recreational off-highway vehicles to definition of a motor vehicle
82nd Legislature (2011) Amended/reorganized chapters 501, 502, 504 and 520 to authorize DMV to implement an electronic titling system for collection of registration/titling fees and service charges; require removal of plates and window stickers on sale of vehicle; provide temporary transit permits; and issue specialty plate to spouses of disabled veterans. Requires DMV to establish electronic lien system
83rd Legislature (2013) Changed deposit from State Highway Fund 0006 to new Texas Department of Motor Vehicles Fund. The new fund was not exempted in funds consolidation bill (HB 6) and not created. Therefore, revenue amounts intended for the new fund are deposited to General Revenue 0001
84th Legislature (2015) Department of Motor Vehicles Fund 0010 recreated effective Sept. 1, 2015; certain deposits that had been made to General Revenue deposited to new Fund 0010 beginning that date.
87th Legislature (2021) Redirected \$20 and \$15 portion of the title fee from Texas Mobility Fund 0365 to the Texas Emissions Reduction Plan Trust Fund 1201

**ALLOCATION**

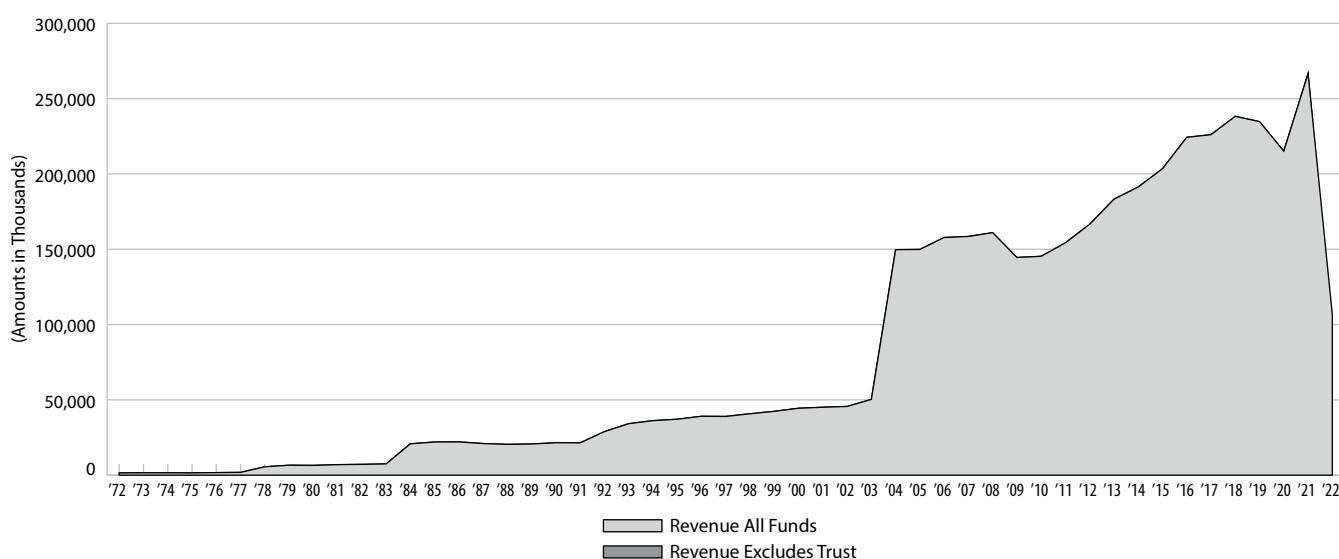
\$28 or \$33 certificate of title fee:
County tax assessor-collector — \$5; General Revenue Fund 0001 — \$5; Department of Motor Vehicles Fund 0010 - \$3; Texas Emissions Reduction Plan Trust Fund 1201 — \$15 or \$20, amount depends on county.
\$8 application fee for non-repairable or salvage vehicle title:
Department of Motor Vehicles Fund 0010 — 100%
\$65 rebuilder fee:
State Highway Fund 0006 — \$50; General Revenue Fund 0001 — \$15
Electronic titling system fees (to be set by rule):
Department of Motor Vehicles Fund 0010 — 100%

**MOTOR VEHICLE CERTIFICATE (concluded)**  
**Revenue Object 3012**

**NET COLLECTIONS**  
(Amounts in Thousands)

Year	Revenue All Funds	Revenue Excludes Trust	Percent Changed	Percent of Other Revenue	Year	Revenue All Funds	Revenue Excludes Trust	Percent Changed	Percent of Other Revenue
1972	\$ 1,476	\$ 1,476	-	0.29	2000	\$ 44,428	\$ 44,428	4.8	0.46
1973	1,562	1,562	5.8	0.28	2001	45,093	45,093	1.5	0.43
1974	1,561	1,561	(0.0)	0.23	2002	45,614	45,614	1.2	0.42
1975	1,500	1,500	(3.9)	0.19	2003	50,296	50,296	10.3	0.45
1976	1,703	1,703	13.5	0.19	2004	149,694	149,694	197.6	1.22
1977	1,847	1,847	8.4	0.17	2005	149,881	149,881	0.1	1.14
1978	5,559	5,559	201.0	0.45	2006	157,769	157,769	5.3	1.11
1979	6,598	6,598	18.7	0.50	2007	158,485	158,485	0.5	1.00
1980	6,491	6,491	(1.6)	0.38	2008	161,006	161,006	1.6	0.83
1981	6,979	6,979	7.5	0.33	2009	144,521	144,521	(10.2)	0.93
1982	7,181	7,181	2.9	0.30	2010	145,315	145,315	0.5	0.96
1983	7,481	7,481	4.2	0.34	2011	154,259	154,259	6.2	0.91
1984	20,817	20,817	178.3	0.83	2012	166,592	166,592	8.0	0.94
1985	22,018	22,018	5.8	0.74	2013	183,200	183,200	10.0	0.98
1986	22,071	22,071	0.2	0.54	2014	191,326	191,326	4.4	0.97
1987	20,991	20,991	(4.9)	0.60	2015	203,414	203,414	6.3	0.97
1988	20,455	20,455	(2.6)	0.58	2016	224,290	224,290	10.3	0.96
1989	20,698	20,698	1.2	0.56	2017	226,062	226,062	0.8	0.97
1990	21,537	21,537	4.1	0.53	2018	238,214	238,214	5.4	0.95
1991	21,450	21,450	(0.4)	0.50	2019	234,710	234,710	(1.5)	0.88
1992	28,930	28,930	34.9	0.54	2020	215,106	215,106	(8.4)	0.82
1993	34,175	34,175	18.1	0.49	2021	266,581	266,581	23.9	0.98
1994	36,191	36,191	5.9	0.45	2022*	106,588	93,978	(64.7)	0.28
1995	37,141	37,141	2.6	0.44					
1996	39,092	39,092	5.3	0.43					
1997	38,985	38,985	(0.3)	0.42					
1998	40,766	40,766	4.6	0.44					
1999	42,374	42,374	3.9	0.41					

\* Deposits to trust started in 2022



Source(s): Glenn Hegar, Texas Comptroller; Texas Department of Transportation; Texas Department of Motor Vehicles.

## MOTOR VEHICLE INSPECTION FEES

### Revenue Object 3020

**RATE AND BASE**

<i>State:</i>	\$12.50 for annual vehicle inspection report, \$21.75 for new vehicle two-year inspection; \$50 for commercial vehicle annual inspection; \$100 biennial fee for each inspection station; \$25 biennial fee for each inspector; \$10 commercial motor vehicle fee; \$7.50 fee for non-inspected trailers
<i>Local:</i>	None
<i>Federal:</i>	None
<i>Major Exemptions:</i>	None; however, some trailers, semitrailers, farm machinery, road-building equipment and former military vehicles are not subject to inspection

**ADMINISTRATION**

<i>Agency:</i>	Texas Department of Public Safety (DPS); Texas Department of Motor Vehicles (DMV)
<i>No. of Fees Collected:</i>	39,267,738
<i>Payment Cycle:</i>	Payments made by DMV or county tax assessor-collectors as vehicles are registered and fees paid
<i>Due Date:</i>	Upon registration of vehicle
<i>Remitted By:</i>	DMV or county tax assessor-collectors

**LEGAL CITATION(S)**

Texas Transportation Code, Chapter 548.501-548.510, 731.101

Texas Health and Safety Code, Chapters 382 and 386

**ENACTED**

53rd Legislature (1953) \$1 for annual inspection sticker (\$0.25 to DPS)

**RATE AND BASE CHANGES**

Various annual sticker fee increases between 1955 and 1985
70th Legislature (1987) Added two-year inspections for \$15
71st Legislature (1989) Annual sticker fee increased to \$8.50; two-year sticker fee increased to \$15.75
72nd Legislature (1991) Annual sticker fee increased to \$10.50
73rd Legislature (1993) Two-year sticker fee increased to \$19.75; added commercial inspection fee for \$50
76th Legislature (1999) Annual sticker fee increased to \$12.50; two-year sticker fee increased to \$21.75
77th Legislature (2001) As part of Texas Emissions Reduction Plan (TERP) added \$10 inspection fee surcharge on commercial inspections (eff. Sept. 1, 2001 thru Aug. 31, 2008)
78th Legislature (2003) Allows participating counties to adopt motor vehicle inspection and maintenance programs and charge a fee (eff. June 10, 2003); revised allocations to Texas Mobility Fund 0365 (eff. Sept 1, 2005)
79th Legislature (2005) Extended the TERP surcharges through fiscal 2010 (eff. Sept 1, 2005)
80th Legislature (2007) Extended the TERP surcharge through Aug. 31, 2013 (eff. Sept. 1, 2007)
81st Legislature (2009) Extended the TERP surcharge through Aug. 31, 2019 (eff. Sept. 1, 2009)
82nd Legislature (2011) Increased biennial fee for inspector certification to \$25, and biennial fee for inspection station to \$100; established new administrative penalty for certain violations not to exceed \$1,000 per violation
83rd Legislature (2013) Changed dual sticker inspection/registration system to a vehicle inspection with report followed by a vehicle registration. The inspection station portion of the fee is retained by the inspector. At time of registration, all remaining fees are paid - both for inspection and registration
84th Legislature (2015) Portion of inspection fee, initial 2-year new vehicle inspections only, for clean air reduced from \$4 to \$2
85th Legislature (2017) Certain trailers, not subject to inspection, required to pay \$7.50 fee; of that fee, \$3.50 allocated to Texas Mobility Fund 0365, \$2 to Clean Air Account 0151 and \$2 to General Revenue Fund 0001
86th Legislature (2019) Extended surcharge expiration from Aug. 31, 2019 to the date the commission publishes the notices required under Health and Safety Code 382.037; added inspections of assembled motor vehicles and payment of fees under Transportation Code 731.101

**ALLOCATION**

\$12.50 annual vehicle inspection fee:

Vehicle inspection station — \$7; Texas Mobility Fund 0365 — \$3.50; Clean Air Account 0151 — \$2

\$21.75 two-year inspection fee for new vehicles:

Vehicle inspection station — \$7; Texas Mobility Fund 0365 — \$12.75; Clean Air Account 0151 — \$2

\$50 annual commercial vehicle fee:

Vehicle inspection station — \$40; Texas Mobility Fund 0365 — \$10

Emissions testing fee — varies by program area:

Allocation varies for inspection stations and Clean Air Account 0151

\$10 commercial inspection surcharge:

Texas Emissions Reduction Plan Trust Fund 1201 — 100%

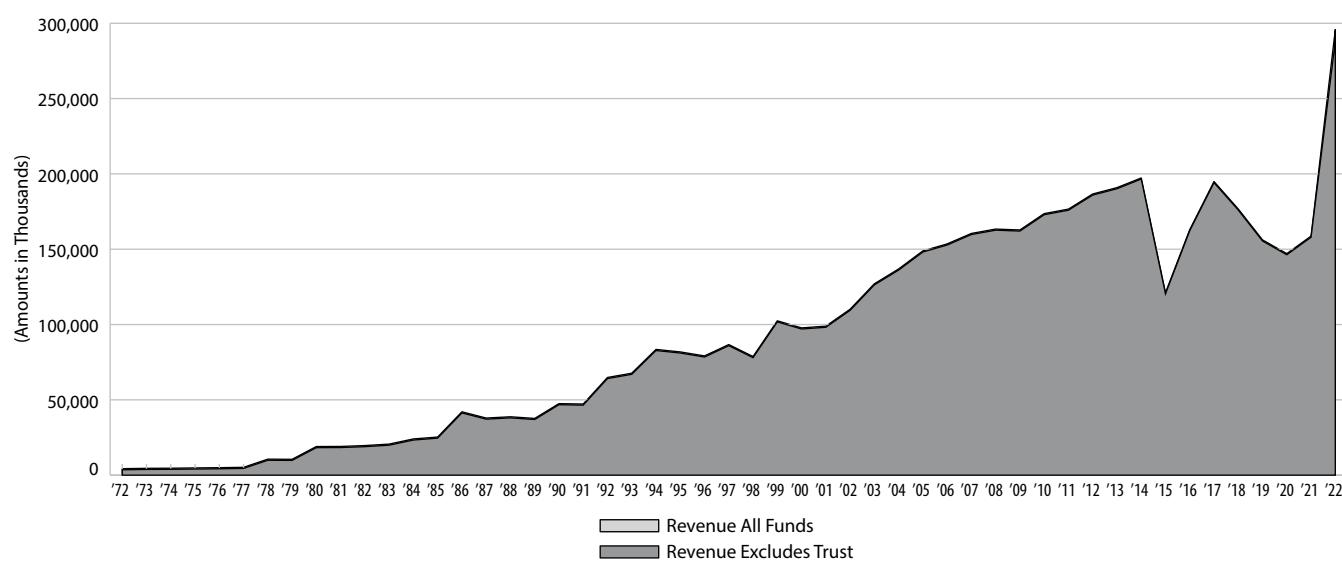
\$7.50 non-inspected trailer fee:

Texas Mobility Fund 0365 — \$3.50; Clean Air Account 0151 — \$2; General Revenue Fund 0001 - \$2

**MOTOR VEHICLE INSPECTION FEES (concluded)**  
**Revenue Object 3020**

**NET COLLECTIONS**  
(Amounts in Thousands)

Year	Revenue All Funds	Revenue Excludes Trust	Percent Change	Percent of Other Revenue	Year	Revenue All Funds	Revenue Excludes Trust	Percent Change	Percent of Other Revenue
1972	\$ 3,579	\$ 3,579	-	0.70	2000	\$ 97,039	\$ 97,039	(4.6)	0.99
1973	3,806	3,806	6.3	0.67	2001	98,176	98,176	1.2	0.93
1974	3,883	3,883	2.0	0.56	2002	109,415	109,415	11.4	1.02
1975	4,064	4,064	4.7	0.52	2003	126,308	126,308	15.4	1.13
1976	4,237	4,237	4.3	0.47	2004	136,159	136,159	7.8	1.11
1977	4,481	4,481	5.7	0.41	2005	148,152	148,152	8.8	1.13
1978	9,895	9,895	120.8	0.80	2006	152,786	152,786	3.1	1.08
1979	9,792	9,792	(1.0)	0.74	2007	159,749	159,750	4.6	1.01
1980	18,271	18,271	86.6	1.07	2008	162,644	162,644	1.8	0.84
1981	18,331	18,331	0.3	0.86	2009	162,056	162,056	(0.4)	1.04
1982	18,914	18,914	3.2	0.80	2010	172,902	172,902	6.7	1.14
1983	19,900	19,900	5.2	0.89	2011	175,896	175,896	1.7	1.04
1984	23,321	23,321	17.2	0.93	2012	185,935	185,935	5.7	1.05
1985	24,568	24,568	5.3	0.83	2013	190,150	190,150	2.3	1.02
1986	41,324	41,324	68.2	1.02	2014	196,575	196,575	3.4	1.00
1987	37,189	37,189	(10.0)	1.06	2015	120,362	120,362	(38.8)	0.57
1988	38,029	38,029	2.3	1.08	2016	162,285	162,285	34.8	0.70
1989	36,935	36,935	(2.9)	1.00	2017	194,190	194,190	19.7	0.84
1990	46,760	46,760	26.6	1.15	2018	175,978	175,978	(9.4)	0.70
1991	46,488	46,488	(0.6)	1.08	2019	155,449	155,449	(11.7)	0.58
1992	64,121	64,121	37.9	1.19	2020	146,335	146,335	(5.9)	0.56
1993	66,950	66,950	4.4	0.97	2021	157,979	157,979	8.0	0.58
1994	82,741	82,735	23.6	1.03	2022	295,080	288,289	82.5	0.86
1995	81,087	81,087	(2.0)	0.96					
1996	78,440	78,440	(3.3)	0.87					
1997	85,964	85,964	9.6	0.92					
1998	78,012	78,012	(9.2)	0.85					
1999	101,746	101,746	30.4	0.98					



Source(s): Glenn Hegar, Texas Comptroller; Texas Department of Public Safety; Texas Department of Motor Vehicles

## MOTOR VEHICLE REGISTRATION FEES

### Revenue Object 3014

#### RATE AND BASE

*State:*

Various rates generally based on type/weight of motor vehicle; passenger cars/light trucks less than 6,000 pounds \$50.75; vehicles over 6,000 pounds \$54-\$840, depending on weight; additional fees for personalized (not lower than \$40) and specialized plates (\$30 most cases); \$20 for souvenir plates, \$40 if personalized; fee not to exceed \$5 for temporary cardboard tag

*Local:*

Optional county road and bridge fee not to exceed \$10; optional county fee for child safety in some counties \$0.50 to \$1.50

*Federal:*

None

*Major Exemptions:*

Federal, state, and local governments; school districts

#### ADMINISTRATION

*Agency:* Texas Department of Motor Vehicles (DMV)

*No. of Fees Collected:* 26,153,435

*Payment Cycle:* Annually

*Due Date:* Each Monday unless invested per statute, then no later than 34 days after the due date

*Remitted By:* County tax assessor-collectors

#### LEGAL CITATION(S)

Texas Transportation Code, Chapters 502-504, 520

#### ENACTED

35th Legislature (1917) \$0.35 per horsepower; minimum of \$7.50

#### RATE AND BASE CHANGES

Numerous rate and base changes between 1917 and 1972

72nd Legislature (1991) 5% county commission paid from State Highway Fund 0006

76th Legislature (1999) Added \$1 fee for automated registration and title system

77th Legislature (2001) Added/amended specialty license plates/fees; for Texas Emissions Reduction Plan (TERP), imposed a 10% surcharge on commercial vehicle registrations

78th Legislature (2003) Set specialty plate fee for general distribution to \$30; added \$1 fee to each registration for certain TxDPS programs; allowed TxDOT to issue souvenir plates for \$20; revised formula to pay 5% to counties from Fund 0001 to be implemented over 10 years; reduced fee on certain disabled veteran license plates

79th Legislature (2005) Extended TERP 10% surcharge on commercial vehicle registrations to fiscal 2010; allowed sale of specialty license plates by vendor; created \$8 registration fee for ATVs (eff. Sept. 1, 2006); lowered collegiate plate fee to \$30; amended fee for "Donor Education/Awareness/Registry Program of Texas"

80th Legislature (2007) Implemented \$5 fee for temporary cardboard tags; expiration of 10% registration surcharge on commercial vehicles dedicated to TERP extended to Aug. 31, 2013; exempted emergency vehicles from toll payments to cover non-emergency travel

81st Legislature (2009) Expiration of TERP 10% registration surcharge on commercial vehicles extended to Aug. 31, 2019; allowed commercial fleet owners of 25-plus vehicles to register fleet up to eight years for extra \$8-\$10 fee plus \$1.50 manufacturing fee; extended \$1 insurance fee on registrations to all counties; established DMV with transfers from TxDOT to occur 11/09. Standardized various fees, including new \$50.75 fee for vehicles greater than 6,000 pounds; new fee schedule for vehicles/road tractors/trailers greater than 6,000 pounds; \$45 fee for certain trailers greater than 6,000 pounds; reduced fee to \$6 for golf carts; repealed \$0.30 license plate reflector fee; eliminated license plate issuance fees for certain plates (all eff. Sept. 1, 2011)

82nd Legislature (2011) Numerous recodifications; new fees for electronic payments for registration; sets fees for state's share of revenue from sale of specialty/personalized license plates by private vendor; authorize DMV to impose administrative penalty for violations by salvage vehicle dealers; specialty plate for disabled veteran surviving spouses; require dealers to remove tags/stickers from traded-in vehicles

83rd Legislature (2013) Changed deposit from State Highway Fund 0006 to new Texas Department of Motor Vehicles Fund. The new fund was not exempted in funds consolidation bill (HB 6) and not created. Therefore, revenue amounts intended for the new fund are deposited to General Revenue 0001. Abolished specialty license plate accounts created under Transportation Code, Subchapter G and changed deposit of revenue to the License Plate Trust Fund 0802

84th Legislature (2015) Department of Motor Vehicles Fund 0010 recreated effective Sept. 1, 2015; certain deposits that had been made to General Revenue deposited to new Fund 0010 beginning that date.

86th Legislature (2019) Added golf cart license plates and changed fee deposit to Department of Motor Vehicle Fund 0010; changed deposit of surcharge to Texas Emissions Reduction Plan Trust Fund 1201 and extended expiration

#### ALLOCATION

Generally, for passenger vehicles and light truck registration:

General Revenue Fund 0001 — \$38.75 from personalized license plate fees; private vendor specialty and souvenir plates if no designated account; off-highway TPWD decal \$8 or other amount as designated State Highway Fund 0006 — \$50.75 for registration of vehicles less than 6,000 pounds (note: registration revenue of vehicles greater than 6,000 pounds also to Fund 0006); \$1.25 from personalized license plate fees; some souvenir plates; various fees Department of Motor Vehicles Fund 0010 — \$8 from certain specialty license plates for general distribution other specialty plates; \$10 to \$20 on some souvenir license plate fees; \$1 fee dedicated to driver's license system reengineering, and other department purposes; assorted fees; \$5 fee for cardboard tag; off-highway DMV plate fee \$10

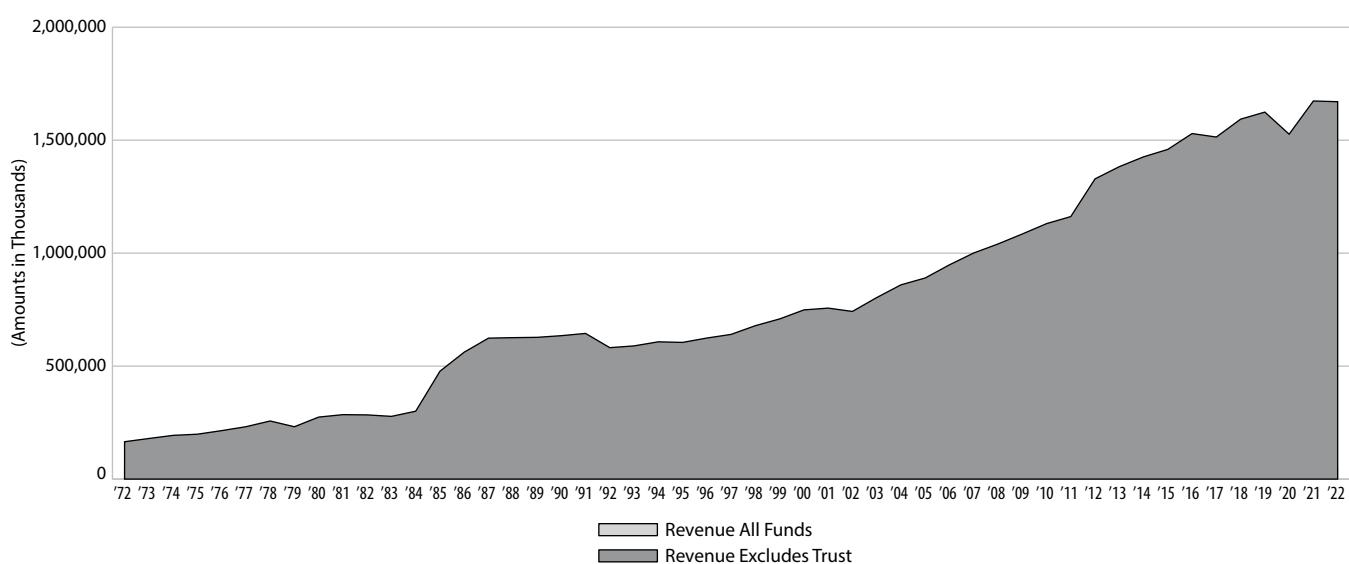
TexasSure Fund 0161- Amount necessary to cover Department of Insurance appropriation from \$1 for registration or renewal of a motor vehicle where owner required to submit evidence of financial responsibility

License Plate Trust Fund 0802 — Revenue, usually \$22, from certain specialty license plates (previously deposited to Fund 0001) Texas Emissions Reduction Plan Trust Fund 1201 — an amount to 10% of total registration fees

**MOTOR VEHICLE REGISTRATION FEES (concluded)**  
**Revenue Object 3014**

**NET COLLECTIONS**  
(Amounts in Thousands)

Year	Revenue All Funds	Revenue Excludes Trust	Percent Change	Percent of Other Revenue	Year	Revenue All Funds	Revenue Excludes Trust	Percent Change	Percent of Other Revenue
1972	\$ 165,392	\$ 165,392	-	32.17	2000	\$ 748,826	\$ 748,826	5.6	7.67
1973	179,666	179,666	8.6	31.70	2001	756,781	756,781	1.1	7.16
1974	193,546	193,546	7.7	28.04	2002	742,047	742,047	(1.9)	6.89
1975	198,685	198,685	2.7	25.44	2003	803,329	803,329	8.3	7.17
1976	214,441	214,441	7.9	23.74	2004	859,736	859,736	7.0	7.03
1977	231,835	231,835	8.1	21.36	2005	890,061	890,061	3.5	6.76
1978	257,164	257,164	10.9	20.89	2006	948,403	948,403	6.6	6.70
1979	231,701	231,701	(9.9)	17.57	2007	1,000,672	1,000,672	5.5	6.31
1980	274,465	274,465	18.5	16.10	2008	1,040,606	1,040,606	4.0	5.37
1981	285,244	285,244	3.9	13.34	2009	1,084,670	1,084,670	4.2	6.95
1982	284,134	284,134	(0.4)	12.07	2010	1,130,560	1,130,560	4.2	7.47
1983	277,603	277,603	(2.3)	12.46	2011	1,161,957	1,161,957	2.8	6.84
1984	300,434	300,434	8.2	12.01	2012	1,328,771	1,328,771	14.4	7.52
1985	477,529	477,529	58.9	16.06	2013	1,382,791	1,382,791	4.1	7.38
1986	561,821	561,821	17.7	13.85	2014	1,428,595	1,426,198	3.1	7.25
1987	623,877	623,877	11.0	17.84	2015	1,461,406	1,459,223	2.3	6.93
1988	625,988	625,988	0.3	17.75	2016	1,531,637	1,529,275	4.8	6.55
1989	627,385	627,385	0.2	16.92	2017	1,516,103	1,513,871	(1.0)	6.53
1990	634,736	634,736	1.2	15.64	2018	1,595,148	1,593,037	5.2	6.38
1991	644,724	644,724	1.6	14.98	2019	1,626,448	1,624,261	2.0	6.09
1992	581,710	581,710	(9.8)	10.81	2020	1,528,609	1,526,493	(6.0)	5.85
1993	589,532	589,532	1.3	8.50	2021	1,675,538	1,673,480	9.6	6.18
1994	607,420	607,615	3.1	7.55	2022	1,687,214	1,670,305	(0.2)	5.00
1995	604,985	604,946	(0.4)	7.19					
1996	624,245	624,252	3.2	6.88					
1997	640,458	640,458	2.6	6.86					
1998	679,040	679,037	6.0	7.36					
1999	708,830	708,830	4.4	6.80					



Source(s): Glenn Hegar, Texas Comptroller; Texas Department of Transportation; Texas Department of Motor Vehicles

## **MOTOR VEHICLE RENTAL TAX**

### **Revenue Object 3005**

#### **RATE AND BASE**

<i>State:</i>	10% of gross receipts on rentals of 30 days or less; 6.25% on rentals of 31 to 180 days
<i>Local:</i>	Certain counties may impose a tax with a rate up to 6%
<i>Federal:</i>	None
<i>Major Exemptions:</i>	Rentals to governments; rentals for re-rental

#### **ADMINISTRATION**

<i>Agency:</i>	Comptroller of Public Accounts
<i>Number of Taxpayers:</i>	1,149
<i>Payment Cycle:</i>	Monthly, quarterly and annually with option to prepay
<i>Due Date:</i>	20th day of the month for the preceding month, quarter or year; 15th day of the current month for monthly prepayers; 15th day of the second month of the quarter for quarterly prepayers
<i>Remitted By:</i>	Rental companies

#### **LEGAL CITATION(S)**

Texas Tax Code, §§ 152.026, 152.045, 152.084, 152.085  
Texas Local Government Code, §§ 334.102 - 334.109, 335.071(e)

#### **ENACTED**

62nd Legislature (1971) 4% of gross receipts

#### **RATE AND BASE CHANGES**

68th Legislature (1984) 5% (eff. Aug. 1, 1984)  
70th Legislature (1987) 6% (eff. Oct. 1, 1987)  
72nd Legislature (1991) 10% for rentals up to 30 days; 6.25% for rentals of 31 to 180 days (eff. Sept. 1, 1991)

#### **ALLOCATION**

General Revenue Fund 0001 and/or certain Events Trust Funds — 100%

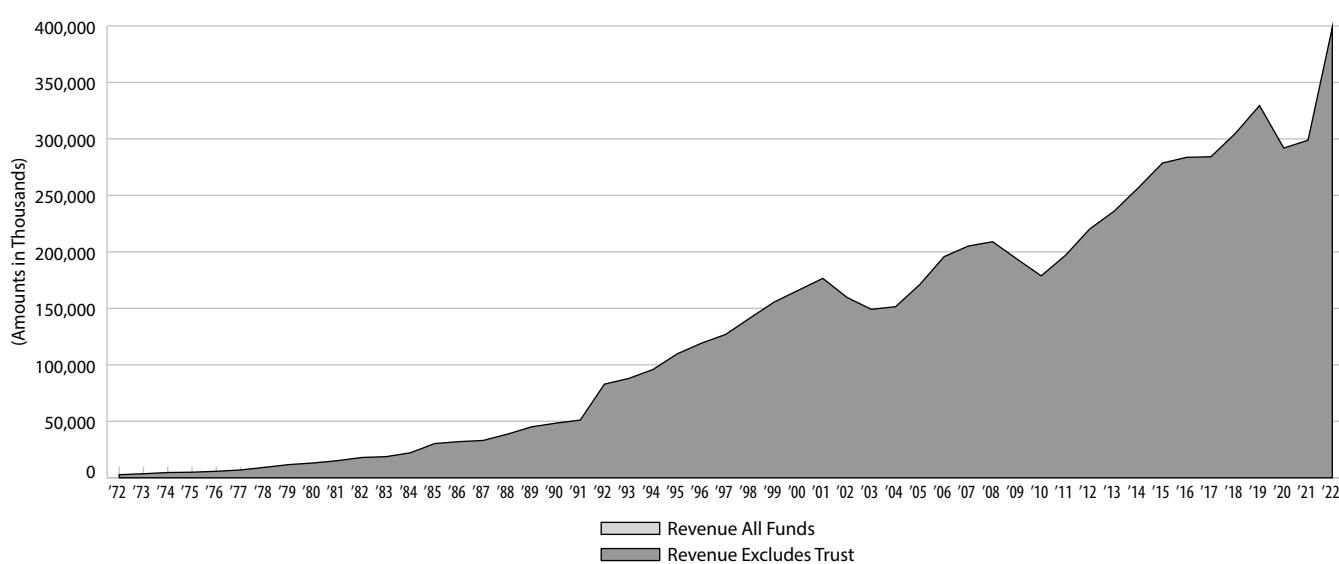
Note: Senate Joint Resolution 5, passed by the 84th Legislature and approved by voters on Nov. 3, 2015, directs 35% of all annual motor vehicle sales, rental and use tax revenue – beyond \$5 billion in yearly collections – to the State Highway Fund. This provision will begin in state fiscal 2020, is in force through fiscal 2030 and may be extended by Legislative action.

**MOTOR VEHICLE RENTAL TAX (concluded)**  
**Revenue Object 3005**

**NET COLLECTIONS**  
(Amounts in Thousands)

Year	Revenue All Funds	Revenue Excludes Trust	Percent Change	Percent of Taxes	Year	Revenue All Funds	Revenue Excludes Trust	Percent Change	Percent of Taxes
1972	\$ 2,750	\$ 2,750	-	0.12	2000	\$ 166,090	\$ 166,090	6.7	0.66
1973	3,603	3,603	0.0		2001	176,526	176,526	6.3	0.65
1974	4,666	4,666	29.5	0.15	2002	159,622	159,622	(9.6)	0.61
1975	4,954	4,954	6.2	0.15	2003	149,118	149,118	(6.6)	0.57
1976	5,756	5,756	16.2	0.15	2004	151,466	151,466	1.6	0.54
1977	6,937	6,937	20.5	0.16	2005	171,142	171,142	13.0	0.57
1978	9,292	9,292	33.9	0.18	2006	195,771	195,771	14.4	0.58
1979	11,686	11,686	25.8	0.22	2007	205,172	205,172	4.8	0.56
1980	13,138	13,138	12.4	0.21	2008	208,969	208,969	1.9	0.51
1981	15,153	15,153	15.3	0.20	2009	193,677	193,677	(7.3)	0.51
1982	17,981	17,981	18.7	0.21	2010	178,760	178,760	(7.7)	0.51
1983	18,723	18,723	4.1	0.22	2011 <sup>1</sup>	200,656	196,889	10.1	0.51
1984	22,140	22,140	18.3	0.24	2012	221,104	220,229	11.9	0.50
1985	30,285	30,285	36.8	0.28	2013	237,816	235,868	7.1	0.49
1986	32,004	32,004	5.7	0.31	2014	258,020	256,626	8.8	0.50
1987	33,056	33,056	3.3	0.32	2015	279,865	278,623	8.6	0.54
1988	38,620	38,620	16.8	0.31	2016	286,328	283,690	1.8	0.59
1989	45,129	45,129	16.9	0.35	2017	286,550	284,202	0.2	0.57
1990	48,364	48,364	7.2	0.35	2018	307,218	304,780	7.2	0.55
1991	51,084	51,084	5.6	0.34	2019	330,256	329,492	8.1	0.55
1992	82,934	82,934	62.3	0.52	2020	293,969	291,863	(11.4)	0.51
1993	87,907	87,907	6.0	0.52	2021	300,767	298,848	2.4	0.49
1994	95,866	95,866	9.1	0.53	2022	401,098	398,581	33.4	0.52

<sup>1</sup> Starting in 2011, the Events Trust Fund, Major Events Reimbursement Program Fund (trust), Special Events Trust Fund (repealed), and the Motor Sports Racing Trust Fund started receiving certain taxes



Source(s): Glenn Hegar, Texas Comptroller

## **MOTOR VEHICLE SALES AND USE TAX**

### **Revenue Object 3004 \***

#### **RATE AND BASE**

<i>State:</i>	6.25% of sales price, less trade-in; \$90 tax for a motor vehicle brought into state by new resident; \$10 tax paid by donee per motor vehicle gifted; \$5 tax paid by each party in an even exchange; 1% or 2.5% Texas Emissions Reduction Plan (TERP) surcharge on certain diesel truck purchases
<i>Local:</i>	None; however county tax assessor-collectors may retain 5% of the motor vehicle sales tax collected from the sale of motor vehicles in their county
<i>Federal:</i>	None
<i>Major Exemptions:</i>	Sales to governments; motor vehicle rental companies; vehicles modified to be driven by or to transport orthopedically handicapped persons; fire trucks/EMS vehicles; certain child-care facilities; driver training vehicles; vehicles used for religious purposes; trucks/trailers/semitrailers used interstate and subject to Interstate Registration Plan; farm machine/trailer/semi-trailer used primarily for farm or timber use

#### **ADMINISTRATION**

<i>Agency:</i>	Comptroller of Public Accounts
<i>Number of Taxpayers:</i>	254
<i>Payment Cycle:</i>	Purchasers/Dealers remit to the County Tax Assessor-Collector within 30 calendar days of sale
<i>Due Date:</i>	County tax assessor-collectors remit: Daily — if previous year's taxes remitted were over \$10 million Weekly — if previous year's taxes remitted were \$2 million to \$10 million Monthly — if previous year's taxes remitted were under \$2 million
<i>Remitted By:</i>	County tax assessor-collectors

#### **LEGAL CITATION(S)**

Texas Tax Code, §§ 152.021 - 152.025, 152.027 - 152.028, 152.121

#### **ENACTED**

47th Legislature (1941) 1%

#### **RATE AND BASE CHANGES**

Numerous rate and base changes between 1941 and 1971
62nd Legislature (1971) 4%
67th Legislature (1981) Imposed a \$15 use tax (in lieu of motor vehicle sales tax) on previously registered motor vehicles brought into the state by a new Texas resident
68th Legislature (1984) 5% (eff. Aug. 1, 1984)
70th Legislature (1987) 6% (eff. Oct. 1, 1987)
72nd Legislature (1991) 6.25% (eff. Sept. 1, 1991); 5% county commission no longer paid from General Revenue (eff. Jan. 1, 1992)
76th Legislature (1999) Increased new resident use tax to \$90 on previously registered vehicles; broadened tax to include leased vehicles
77th Legislature (2001) For TERP added 2.5% surcharge on sale/lease/rental of diesel trucks model years before 1997 (eff. Sept. 1, 2001)
78th Legislature (2003) Extended TERP adding 1% surcharge on sale/lease/use/rental of diesel trucks, model years before 1996 (eff. July 1, 2003); reversed source of 5% county commission from State Highway Fund to General Revenue over 10-year period at a rate of 10% annually starting fiscal 2006
79th Legislature (2005) Extended TERP diesel truck surcharges through fiscal 2010; exempted some recreational vehicles from 1% surcharge
80th Legislature (2007) Extended TERP 10% surcharge on purchase of diesel trucks through fiscal 2013; exempted certain hydrogen-powered vehicles
81st Legislature (2009) Extended TERP 10% surcharge on purchase of diesel trucks through fiscal 2019; restricted persons eligible to pay \$10 gift tax in lieu of 6.25% tax on motor vehicle transfer between certain donor and donee relationships, and required a notary to attest to relationship
84th Legislature (2015) Purchases of vehicles operated with exempt license plates and used by either a public or private entity for transporting public or charter school students exempted from tax
86th Legislature (2019) Extended surcharge expiration from Aug. 31, 2019 to the date the commission publishes the notices required under Health and Safety Code 382.037 and changed the deposit of the surcharge to Texas Emissions Reduction Plan Trust Fund 1201.

#### **ALLOCATION**

General Revenue Fund 0001 — Allocation was 100% thru 8/31/05, then decreased over a 10-year period until fiscal 2015, when the allocation changed to 95% to General Revenue and counties will receive 5%
Property Tax Relief Fund 0304 — Revenue derived from the tax based on a vehicle's presumptive value
Texas Emissions Reduction Plan Trust Fund 1201 — 100% of applicable surcharge

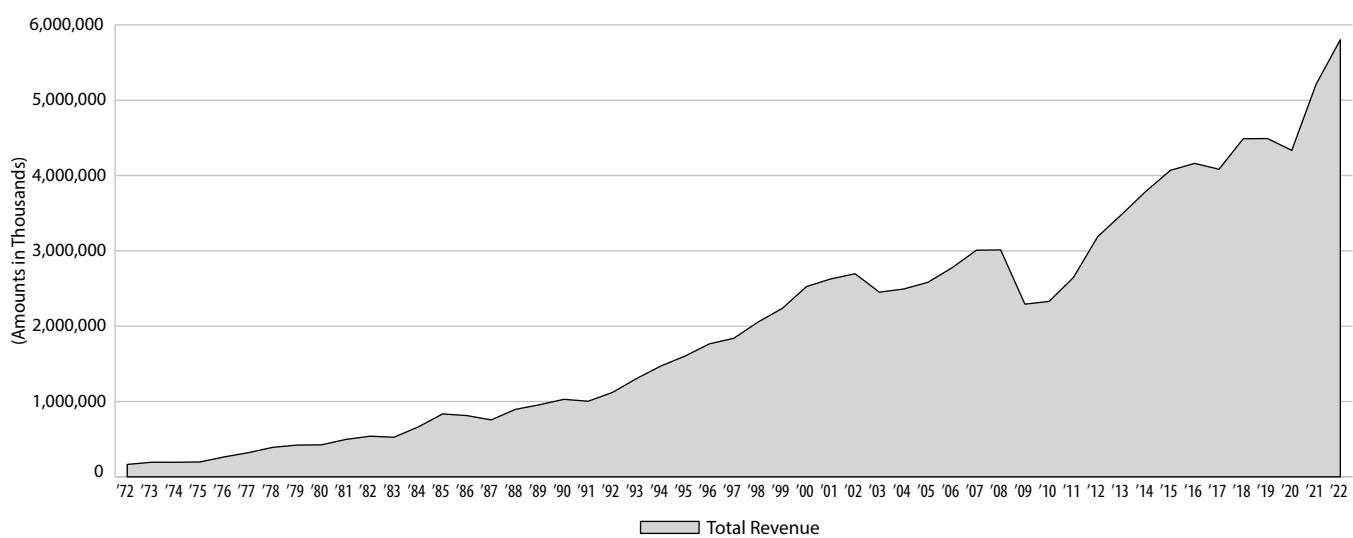
Note: SJR 5, passed by the 84th Legislature and approved by voters on Nov. 3, 2015, directs 35% of all annual motor vehicle sales, rental and use tax revenue — beyond \$5 billion in yearly collections — to the State Highway Fund. This provision will begin in state fiscal 2020, is in force through fiscal 2030 and may be extended by Legislative action.

**MOTOR VEHICLE SALES AND USE TAX (concluded)**  
**Revenue Object 3004 \***

**NET COLLECTIONS**  
(Amounts in Thousands)

Year	Revenue all Funds	Revenue Excludes Trust	Percent Change	Percent of Taxes	Year	Revenue all Funds	Revenue Excludes Trust	Percent Change	Percent of Taxes
1972	\$ 164,371	\$ 164,371	-	7.01	2000	\$ 2,526,449	\$ 2,526,449	12.9	9.99
1973	193,789	193,789	17.9	7.50	2001	2,627,761	2,627,761	4.0	9.65
1974	193,170	193,170	(0.3)	6.38	2002	2,696,454	2,696,454	2.6	10.26
1975	197,684	197,684	2.3	5.86	2003	2,452,064	2,452,064	(9.1)	9.39
1976	264,776	264,776	33.9	6.77	2004	2,493,614	2,493,614	1.7	8.93
1977	321,155	321,155	21.3	7.27	2005	2,582,389	2,582,389	3.6	8.65
1978	391,791	391,791	22.0	7.79	2006	2,776,573	2,776,573	7.5	8.28
1979	421,648	421,648	7.6	7.82	2007	3,008,867	3,008,867	8.4	8.14
1980	424,740	424,740	0.7	6.70	2008	3,012,846	3,012,846	0.1	7.28
1981	495,779	495,779	16.7	6.40	2009	2,292,557	2,292,557	(23.9)	6.06
1982	539,271	539,271	8.8	6.23	2010	2,329,566	2,329,566	1.6	6.59
1983	526,169	526,169	(2.4)	6.19	2011	2,646,638	2,646,638	13.6	6.81
1984	663,197	663,197	26.0	7.13	2012	3,189,319	3,189,319	20.5	7.24
1985	835,135	835,135	25.9	7.79	2013	3,487,064	3,487,064	9.3	7.30
1986	813,011	813,011	(2.6)	7.95	2014	3,794,693	3,794,693	8.8	7.44
1987	755,729	755,729	(7.0)	7.36	2015	4,070,110	4,070,110	7.3	7.88
1988	895,415	895,415	18.5	7.24	2016	4,161,576	4,161,576	2.2	8.58
1989	957,694	957,694	7.0	7.42	2017	4,083,678	4,083,678	(1.9)	8.23
1990	1,029,026	1,029,026	7.4	7.55	2018	4,489,124	4,489,124	9.9	8.08
1991	1,003,535	1,003,535	(2.5)	6.73	2019	4,491,508	4,491,508	0.1	7.56
1992	1,120,939	1,120,939	11.7	7.07	2020	4,334,275	4,334,275	(3.5)	7.55
1993	1,306,098	1,306,098	16.5	7.68	2021	5,211,497	5,211,497	20.2	8.48
1994	1,472,098	1,472,098	12.7	8.13	2022	5,824,444	5,803,064	11.4	7.52
1995	1,604,676	1,604,676	9.0	8.51					
1996	1,765,966	1,765,966	10.1	8.94					
1997	1,839,267	1,839,267	4.2	8.68					
1998	2,054,890	2,054,890	11.7	9.08					
1999	2,236,979	2,236,979	8.9	9.47					

\* Revenue object code 3667 (relating to funds remitted under protest) was available through fiscal 2004 for use with this revenue source in calculating net collections



Source(s): Glenn Hegar, Texas Comptroller

## MOTOR VEHICLE SALES AND USE TAX — SELLER-FINANCED MOTOR VEHICLES

### Revenue Object 3016

#### RATE AND BASE

<i>State:</i>	6.25% of seller's receipts; 1% or 2.5% Texas Emissions Reduction Plan (TERP) surcharge on certain diesel trucks
<i>Local:</i>	None; however counties are entitled to 5% of the motor vehicle sales tax (seller-financed) collected on the sale of motor vehicles in their county
<i>Federal:</i>	None
<i>Major Exemptions:</i>	Sales to governments; motor vehicle rental companies; vehicles modified to be driven by or to transport orthopedically handicapped persons; fire trucks/EMS vehicles; vehicles transported out-of-state; certain child-care facilities; driver training vehicles; vehicles used for religious purposes; trucks/trailers/semitrailers used on interstates and subject to Interstate Registration Plan; certain hydrogen-powered vehicles; farm machine/trailer/semi-trailer used primarily for farm or timber use

#### ADMINISTRATION

<i>Agency:</i>	Comptroller of Public Accounts
<i>Number of Taxpayers:</i>	3,773
<i>Payment Cycle:</i>	Monthly or quarterly (may be prepaid)
<i>Due Date:</i>	20th day of the month for the preceding month or calendar quarter
<i>Remitted By:</i>	Sellers who finance motor vehicles

#### LEGAL CITATION(S)

Texas Tax Code, §§ 152.047 - 152.048

#### ENACTED

73rd Legislature (1993) 6.25% (eff. Oct. 1, 1993)

#### RATE AND BASE CHANGES

- 77th Legislature (2001) For TERP, added 2.5% surcharge on sale/lease/rental of diesel trucks for model years before 1997 (eff. Sept. 1, 2001)
- 78th Legislature (2003) Extended TERP by adding 1% surcharge on sale/lease/use/rental of diesel trucks for model years after 1996 (eff. July 1, 2003)
- 80th Legislature (2007) Extended TERP 10% surcharge on purchase of certain diesel trucks through fiscal 2013; exempted certain hydrogen-powered vehicles
- 81st Legislature (2009) Required motor vehicle sellers in seller-financed sales to apply for registrations and certificates of title with county tax assessor-collectors in the purchaser's name no later than 45 days after vehicle delivery to the purchaser; extended TERP 10% surcharge on purchase of diesel trucks through fiscal 2019
- 84th Legislature (2015) Purchases of vehicles operated with exempt license plates and used by either a public or private entity for transporting public or charter school students exempted from tax
- 86th Legislature (2019) Extended surcharge expiration from Aug. 31, 2019 to the date the commission publishes the notices required under Health and Safety Code 382.037 and changed the deposit of the surcharge to Texas Emissions Reduction Plan Trust Fund 1201.

#### ALLOCATION

General Revenue Fund 0001 — Allocation was 100% thru Aug. 31, 2005, then decreased over 10-year period until fiscal 2015, when the allocation changed to 95% to General Revenue and counties will receive 5%  
Texas Emissions Reduction Plan Trust Fund 1201 — 100% of applicable surcharge

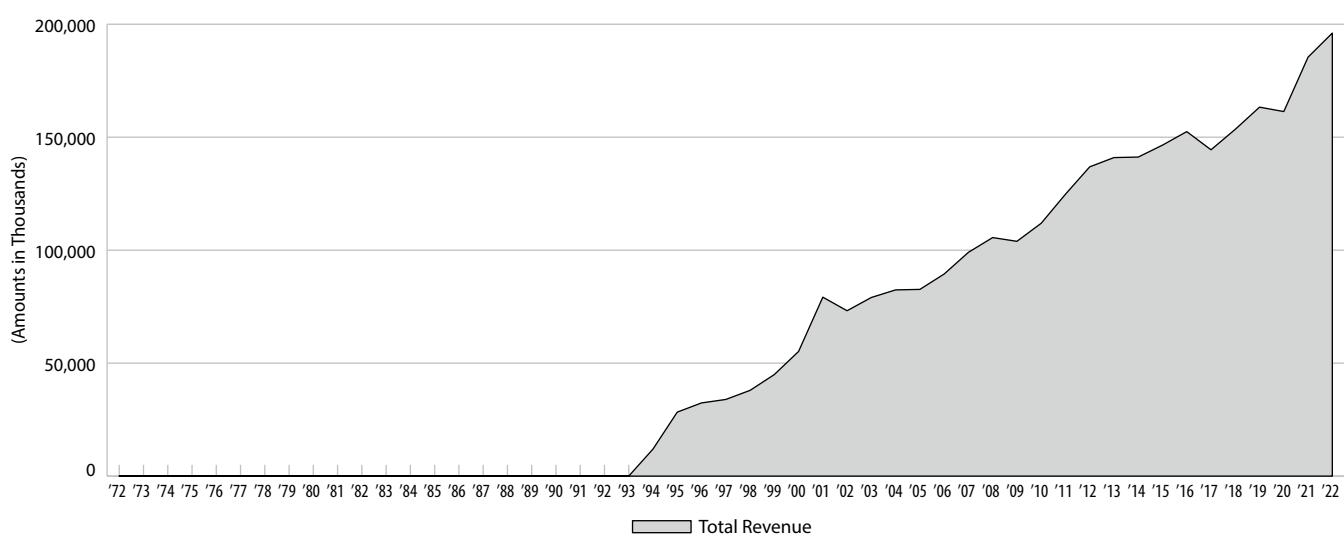
Note: SJR 5, passed by the 84th Legislature and approved by voters on Nov. 3, 2015, directs 35% of all annual motor vehicle sales, rental, and use tax revenue — beyond \$5 billion in yearly collections — to the State Highway Fund. This provision will begin in state fiscal 2020, is in force through fiscal 2030 and may be extended by Legislative action.

**MOTOR VEHICLE SALES AND USE TAX — SELLER-FINANCED MOTOR VEHICLES (concluded)**  
**Revenue Object 3016**

**NET COLLECTIONS**  
(Amounts in Thousands)

Year	Revenue All Funds	Revenue Excludes Trust	Percent Change	Percent of Taxes	Year	Revenue All Funds	Revenue Excludes Trust	Percent Change	Percent of Taxes
1972	\$ 0	\$ 0	-	0.00	2000	\$ 55,168	\$ 55,168	22.7	0.22
1973	0	0	-	0.00	2001	79,198	79,198	43.6	0.29
1974	0	0	-	0.00	2002	73,199	73,199	(7.6)	0.28
1975	0	0	-	0.00	2003	79,069	79,069	8.0	0.30
1976	0	0	-	0.00	2004	82,423	82,423	4.2	0.30
1977	0	0	-	0.00	2005	82,642	82,642	0.3	0.28
1978	0	0	-	0.00	2006	89,437	89,437	8.2	0.27
1979	0	0	-	0.00	2007	99,038	99,038	10.7	0.27
1980	0	0	-	0.00	2008	105,583	105,583	6.6	0.26
1981	0	0	-	0.00	2009	103,919	103,919	(1.6)	0.27
1982	0	0	-	0.00	2010	111,902	111,902	7.7	0.32
1983	0	0	-	0.00	2011	124,757	124,757	11.5	0.32
1984	0	0	-	0.00	2012	136,886	136,886	9.7	0.31
1985	0	0	-	0.00	2013	140,984	140,984	3.0	0.30
1986	0	0	-	0.00	2014	141,205	141,205	0.2	0.28
1987	0	0	-	0.00	2015	146,493	146,493	3.7	0.28
1988	0	0	-	0.00	2016	152,472	152,472	4.1	0.31
1989	0	0	-	0.00	2017	144,432	144,432	(5.3)	0.29
1990	0	0	-	0.00	2018	153,498	153,498	6.3	0.28
1991	0	0	-	0.00	2019	163,305	163,305	6.4	0.28
1992	0	0	-	0.00	2020	161,346	161,346	(1.2)	0.28
1993	0	0	-	0.00	2021	185,435	185,435	14.9	0.30
1994 <sup>1</sup>	11,977	11,977	-	0.07	2022	196,110	196,081	5.7	0.25
1995	28,324	28,324	136.5	0.15					
1996	32,398	32,398	14.4	0.16					
1997	33,929	33,929	4.7	0.16					
1998	37,945	37,945	11.8	0.17					
1999	44,946	44,946	18.4	0.19					

<sup>1</sup> Before 1994, tax receipts for Seller-Financed Motor Vehicles were deposited under object code 3004 (Motor Vehicle Sales and Use tax)



Source(s): Glenn Hegar, Texas Comptroller

## **NATURAL GAS PRODUCTION TAX**

### **Revenue Objects 3291 \***

**RATE AND BASE**

<i>State:</i>	7.5% of market value of natural/casinghead gas produced/saved in the state; condensate is taxed at oil production tax rate of 4.6% and is included in Natural Gas Production tax revenues
<i>Local:</i>	None
<i>Federal:</i>	None
<i>Major Exemptions:</i>	“High-cost” natural gas

**ADMINISTRATION**

<i>Agency:</i>	Comptroller of Public Accounts
<i>Number of Taxpayers:</i>	2,916
<i>Payment Cycle:</i>	Monthly (annually, if qualified)
<i>Due Date:</i>	20th day of the second month succeeding production (for annual filers, Feb. 20 for preceding year)
<i>Remitted By:</i>	Oil and natural gas producers and purchasers

**LEGAL CITATION(S)**

Texas Tax Code, §§ 201.051 - 201.055, 201.201 (the “Gas Production” tax)

**ENACTED**

42nd Legislature (1931) 2% of value

**RATE AND BASE CHANGES**

44th Legislature (1936) 3% of value
47th Legislature (1941) 5.2% of value
51st Legislature (1950) 5.72% of value until Aug. 31, 1951 (temporary)
52nd Legislature (1951) 5.72% of value after Sept. 1, 1951 (permanent)
53rd Legislature (1954) 9% of value until 1955, 8% until 1956, and 7% thereafter
61st Legislature (1969) 7.5% of value
71st Legislature (1989) Exemption for “high-cost” natural gas until Aug. 31, 2001
73rd Legislature (1993) Exemption for 3-year inactive wells, coproduction projects
74th Legislature (1995) Modification (rate reduction) and extension for “high-cost” natural gas
75th Legislature (1997) Exemption for 2-year inactive wells; exemption for flared/vented natural gas; 5-year tax credits for incremental production from low-yield wells
76th Legislature (1999) Extension of modified “high-cost” natural gas program; temporary exemption for low-yield wells under low market prices in 1999
78th Legislature (2003) Made “high-cost” natural gas program permanent
79th Legislature (2005) Tax credit based on trigger prices for qualifying low-producing wells; exemption for reactivated orphan wells
80th Legislature (2007) Made tax credit based on trigger prices for low-producing wells permanent
86th Legislature (2019) Made the two-year inactive well exemption permanent and shorten the exemption from 10 to five years

**ALLOCATION**

GR Account - Foundation School 0193 — 25%

General Revenue Fund 0001 — 75%

Note: SJR 1, passed by the 83rd Legislature, third called session, and approved by voters on Nov. 4, 2014, provides that up to one-half of the revenue associated with crude oil and natural gas production taxes that had been subject to transfer from GR to the Economic Stabilization Fund (Rainy Day Fund) each year would henceforth be directed from GR to the State Highway Fund; the remainder would continue to be transferred from GR to the Rainy Day Fund.

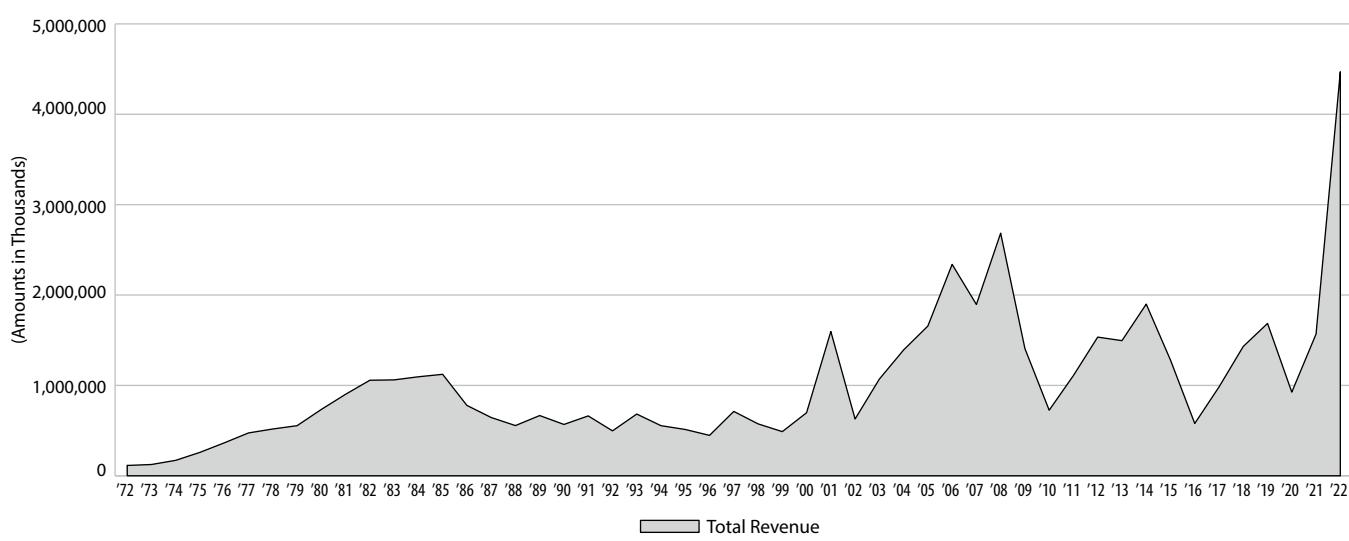
**NATURAL GAS PRODUCTION TAX (concluded)**  
**Revenue Object 3291 \***

**NET COLLECTIONS**  
(Amounts in Thousands)

Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Taxes	Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Taxes
1972	\$ 114,380	-	4.88	2000	\$ 697,666	42.8	2.76
1973	124,902	9.2	4.83	2001	1,596,886	128.9	5.86
1974	171,068	37.0	5.65	2002	628,497	(60.6)	2.39
1975	259,570	51.7	7.69	2003	1,069,864	70.2	4.09
1976	364,588	40.5	9.32	2004	1,392,436	30.2	4.99
1977	474,318	30.1	10.73	2005	1,657,086	19.0	5.55
1978	517,844	9.2	10.29	2006	2,339,147	41.2	6.97
1979	554,354	7.1	10.28	2007	1,895,488	(19.0)	5.13
1980	734,247	32.5	11.57	2008	2,684,648	41.6	6.49
1981	901,931	22.8	11.65	2009	1,407,739	(47.6)	3.72
1982	1,057,057	17.2	12.22	2010	725,538	(48.5)	2.05
1983	1,061,227	0.4	12.49	2011	1,109,718	53.0	2.86
1984	1,095,485	3.2	11.77	2012	1,534,630	38.3	3.48
1985	1,122,848	2.5	10.47	2013	1,495,203	(2.6)	3.13
1986	778,703	(30.6)	7.61	2014	1,899,582	27.0	3.73
1987	644,862	(17.2)	6.28	2015	1,280,410	(32.6)	2.48
1988	555,647	(13.8)	4.49	2016	578,799	(54.8)	1.19
1989	666,496	19.9	5.16	2017	982,763	69.8	1.98
1990	568,131	(14.8)	4.17	2018	1,431,106	45.6	2.57
1991	662,599	16.6	4.44	2019	1,685,681	17.8	2.84
1992	497,129	(25.0)	3.14	2020	925,473	(45.1)	1.61
1993	682,926	37.4	4.01	2021	1,568,542	69.5	2.55
1994	554,484	(18.8)	3.06	2022	4,469,945	185.0	5.79
1995	512,411	(7.6)	2.72				
1996	447,102	(12.7)	2.26				
1997	712,223	59.3	3.36				
1998	574,584	(19.3)	2.54				
1999	488,583	(15.0)	2.07				

\* Revenue object code 3656 (relating to funds remitted under protest) was available through fiscal 2004 for use with this revenue source in calculating net collections

<sup>†</sup> No revenue deposited to trust



Source(s): Glenn Hegar, Texas Comptroller

## **OIL PRODUCTION TAX**

### **Revenue Object 3290 \***

**RATE AND BASE**

<i>State:</i>	4.6% of the market value of oil produced in the state
<i>Local:</i>	None
<i>Federal:</i>	None
<i>Major Exemptions:</i>	Production from approved enhanced oil recovery (EOR) projects.

**ADMINISTRATION**

<i>Agency:</i>	Comptroller of Public Accounts
<i>Number of Taxpayers:</i>	8,627
<i>Payment Cycle:</i>	Monthly
<i>Due Date:</i>	25th day of the month for the preceding month's production
<i>Remitted By:</i>	Oil producers and purchasers

**LEGAL CITATION(S)**

Texas Tax Code, § 202.051, 202.052, 202.151

**ENACTED**

29th Legislature (1905) 1% of value

**RATE AND BASE CHANGES**

- 30th Legislature (1907) 0.5% of value
- 36th Legislature (1919) 1.5% of value
- 38th Legislature (1923) 2% of value
- 43rd Legislature (1933) \$0.02 per barrel or 2% of value
- 44th Legislature (1936) \$0.0275 per barrel
- 47th Legislature (1941) \$0.04125 per barrel
- 51st Legislature (1950) 4.5375% of value (temporary)
- 52nd Legislature (1951) 4.6% of value
- 71st Legislature (1989) Reduced rate to 2.3% of value on EOR projects
- 73rd Legislature (1993) Exemption for 3-year inactive wells
- 75th Legislature (1997) Exemption for 2-year inactive wells; 5-year tax credits based on a trigger price for incremental production from low-yield wells
- 76th Legislature (1999) Temporary exemption for low-yield wells under low market prices in 1999
- 78th Legislature (2003) Made exemption for EOR projects permanent
- 79th Legislature (2005) Tax credit based on trigger prices for low-producing wells; exemption for reactivated orphan wells; tax credit on marginal oil wells with enhanced efficiency equipment installed
- 80th Legislature (2007) Made tax credit based on trigger prices for low-producing wells permanent
- 80th Legislature (2007) Extended tax credits for enhanced efficiency equipment installed on marginal oil wells
- 80th Legislature (2007) Tax exemption for EOR projects using anthropogenic CO<sub>2</sub>
- 81st Legislature (2009) Extended time limit on tax exemption for EOR projects using anthropogenic CO<sub>2</sub> from seven to 30 years
- 86th Legislature (2019) Made the two-year inactive well exemption permanent and shorten the exemption from 10 to 5 years

**ALLOCATION**

GR Account - Foundation School 0193 — 25%

General Revenue Fund 0001 — 75%

Note: SJR 1, passed by the 83rd Legislature, third called session, and approved by voters on Nov. 4, 2014, provides that up to one-half of the revenue associated with crude oil and natural gas production taxes that had been subject to transfer from GR to the Economic Stabilization Fund (Rainy Day Fund) each year would henceforth be directed from GR to the State Highway Fund; the remainder would continue to be transferred from GR to the Rainy Day Fund.

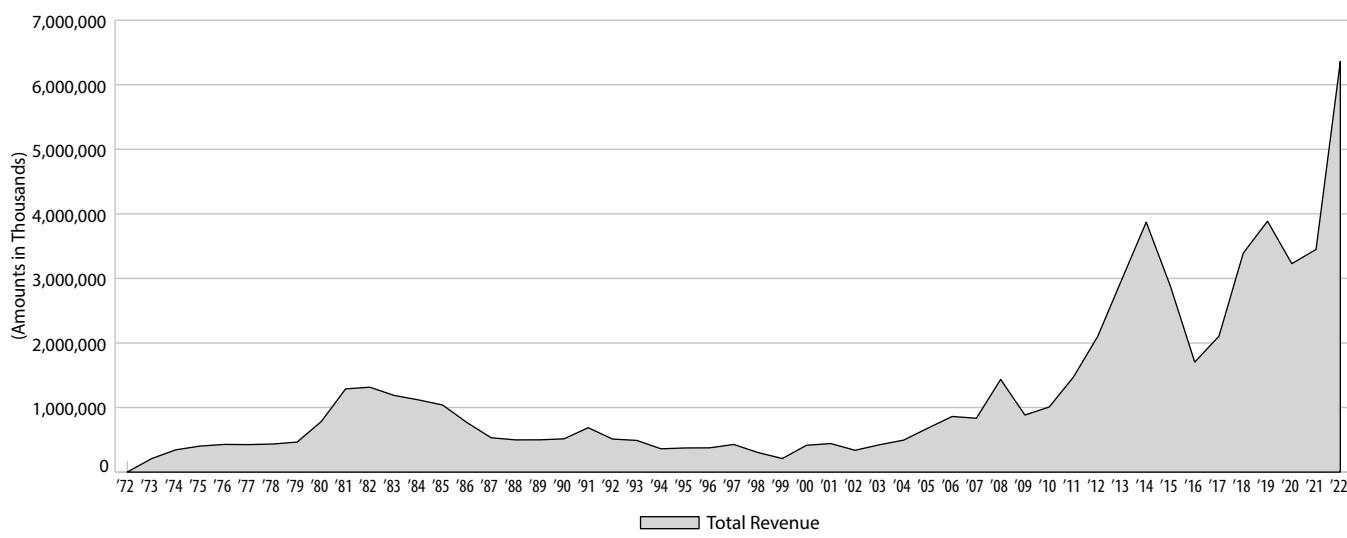
**OIL PRODUCTION TAX (concluded)**  
**Revenue Object 3290 \***

**NET COLLECTIONS**  
(Amounts in Thousands)

Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Taxes	Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Taxes
1972	\$ 190,785	-	8.14	2000	\$ 415,800	98.0	1.64
1973	207,522	8.8	8.03	2001	441,922	6.3	1.62
1974	344,832	66.2	11.40	2002	337,857	(23.5)	1.29
1975	402,553	16.7	11.93	2003	422,879	25.2	1.62
1976	429,105	6.6	10.96	2004	495,443	17.2	1.77
1977	426,373	(0.6)	9.65	2005	681,294	37.5	2.28
1978	435,223	2.1	8.65	2006	861,659	26.5	2.57
1979	464,820	6.8	8.62	2007	834,374	(3.2)	2.26
1980	783,772	68.6	12.35	2008	1,436,243	72.1	3.47
1981	1,288,669	64.4	16.65	2009	883,774	(38.5)	2.34
1982	1,315,131	2.1	15.20	2010	1,008,074	14.1	2.85
1983	1,188,483	(9.6)	13.99	2011	1,472,111	46.0	3.79
1984	1,118,635	(5.9)	12.02	2012	2,102,389	42.8	4.77
1985	1,038,534	(7.2)	9.69	2013	2,989,542	42.2	6.26
1986	767,558	(26.1)	7.50	2014	3,872,279	29.5	7.59
1987	531,872	(30.7)	5.18	2015	2,877,020	(25.7)	5.57
1988	498,624	(6.3)	4.03	2016	1,703,903	(40.8)	3.51
1989	500,205	0.3	3.88	2017	2,107,333	23.7	4.24
1990	514,966	3.0	3.78	2018	3,391,514	60.9	6.10
1991	687,770	33.6	4.61	2019	3,886,822	14.6	6.55
1992	511,526	(25.6)	3.23	2020	3,229,343	(16.9)	5.63
1993	491,256	(4.0)	2.89	2021	3,449,132	6.8	5.61
1994	360,683	(26.6)	1.99	2022	6,361,687	84.4	8.24
1995	374,209	3.7	1.98				
1996	375,958	0.5	1.90				
1997	428,140	13.9	2.02				
1998	302,899	(29.3)	1.34				
1999	210,023	(30.7)	0.89				

\* Revenue object code 3662 (relating to funds remitted under protest) was available through fiscal 2004 for use with this revenue source in calculating net collections

<sup>†</sup> No revenue deposited to trust



Source(s): Glenn Hegar, Texas Comptroller

**OIL WELL SERVICE TAX**  
**Revenue Object 3296**

**RATE AND BASE**

*State:* 2.42% of the gross amount received for specific services to oil and natural gas wells  
*Local:* None  
*Federal:* None  
*Major Exemptions:* None

**ADMINISTRATION**

*Agency:* Comptroller of Public Accounts  
*Number of Taxpayers:* 173  
*Payment Cycle:* Monthly  
*Due Date:* 20th day of the month for the preceding month  
*Remitted By:* Oil and natural gas well servicers

**LEGAL CITATION(S)**

Texas Tax Code, § 191.082, 191.083

**ENACTED**

47th Legislature (1941) 2.2% of the value of taxable services

**RATE AND BASE CHANGES**

52nd Legislature (1951) 2.42% of gross receipts

**ALLOCATION**

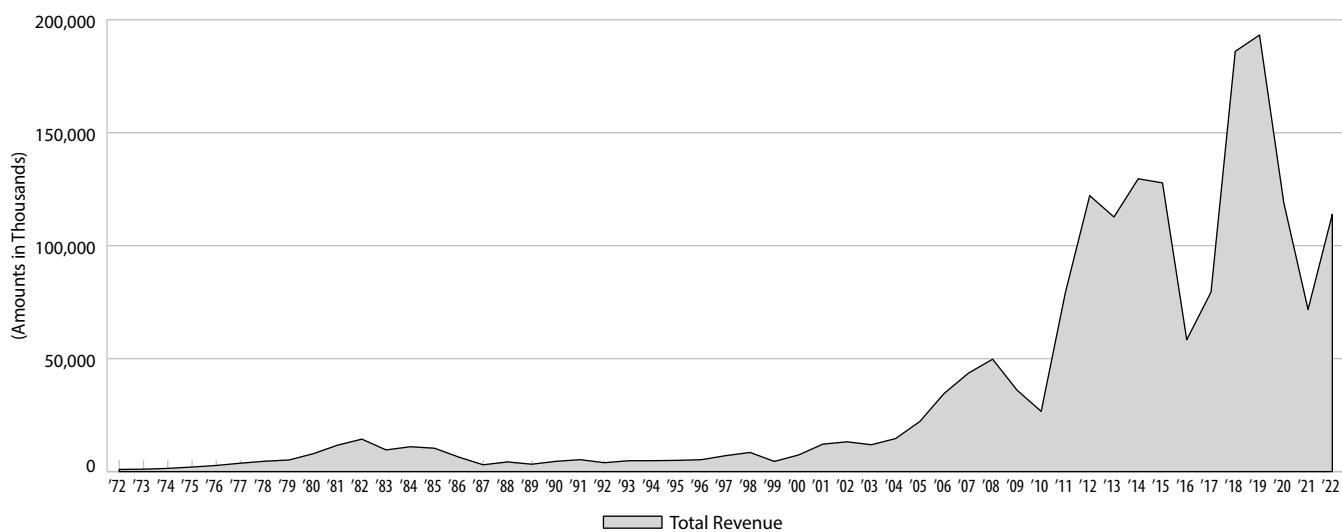
GR Account - Foundation School 0193 — 25%  
General Revenue Fund 0001 — 75%

**OIL WELL SERVICE TAX (concluded)**  
**Revenue Object 3296**

**NET COLLECTIONS**  
(Amounts in Thousands)

Year	Total Revenue †	Percent Change	Percent Taxes	Year	Total Revenue †	Percent Change	Percent Taxes
1972	\$ 963	-	0.04	2000	\$ 7,359	63.0	0.03
1973	1,073	11.4	0.04	2001	12,156	65.2	0.04
1974	1,426	32.9	0.05	2002	13,196	8.6	0.05
1975	2,026	42.0	0.06	2003	11,899	(9.8)	0.05
1976	2,718	34.2	0.07	2004	14,627	22.9	0.05
1977	3,736	37.5	0.08	2005	22,199	51.8	0.07
1978	4,595	23.0	0.09	2006	34,591	55.8	0.10
1979	5,152	12.1	0.10	2007	43,564	25.9	0.12
1980	7,930	53.9	0.13	2008	49,749	14.2	0.12
1981	11,717	47.8	0.15	2009	36,114	(27.4)	0.10
1982	14,372	22.7	0.17	2010	26,650	(26.2)	0.08
1983	9,601	(33.2)	0.11	2011	79,381	197.9	0.20
1984	11,018	14.8	0.12	2012	122,149	53.9	0.28
1985	10,341	(6.1)	0.10	2013	112,698	(7.7)	0.24
1986	6,404	(38.1)	0.06	2014	129,604	15.0	0.25
1987	3,018	(52.9)	0.03	2015	127,793	(1.4)	0.25
1988	4,281	41.9	0.03	2016	58,351	(54.3)	0.12
1989	3,272	(23.6)	0.03	2017	79,460	36.2	0.16
1990	4,550	39.1	0.03	2018	186,005	134.1	0.33
1991	5,285	16.2	0.04	2019	193,227	3.9	0.33
1992	3,936	(25.5)	0.02	2020	118,987	(38.4)	0.21
1993	4,820	22.5	0.03	2021	71,759	(39.7)	0.12
1994	4,842	0.5	0.03	2022	113,885	58.7	0.15
1995	4,976	2.8	0.03				
1996	5,285	6.2	0.03				
1997	7,073	33.8	0.03				
1998	8,480	19.9	0.04				
1999	4,515	(46.8)	0.02				

† No revenue deposited to trust



Source(s): Glenn Hegar, Texas Comptroller

## **PROFESSIONAL FEES**

### **Revenue Object 3175**

#### **RATE AND BASE**

<i>State:</i>	Varies by agency and profession
<i>Local:</i>	None
<i>Federal:</i>	None
<i>Major Exemptions:</i>	None

#### **ADMINISTRATION**

<i>Agency:</i>	See Appendix E
<i>No. of Fees Collected:</i>	N/A
<i>Payment Cycle:</i>	Annual renewals (some biennial or multi-year renewals)
<i>Due Date:</i>	May be staggered
<i>Remitted By:</i>	Organizations/agencies governing fee-paying licensees

#### **LEGAL CITATION(S)**

See Appendix E

#### **ENACTED**

See Appendix E

#### **RATE AND BASE CHANGES**

- 70th Legislature (1987) \$110 temporary fee increase on selected professions
- 72nd Legislature (1991) \$200 fee increase on selected professions
- 77th Legislature (2001) Removed fees collected by State Board of Public Accountancy, Board of Architectural Examiners and Board of Professional Engineers from General Revenue to be deposited to Texas Treasury Safekeeping Trust Company
- 78th Legislature (2003) \$200 fee increase on selected professions
- 81st Legislature (2009) Removed fees collected by Department of Savings and Mortgage Lending, Department of Banking, Credit Union Department and Office of Consumer Credit Commissioner from General Revenue to be deposited to Texas Treasury Safekeeping Trust Company
- 82nd Legislature (2011) Removed fees collected by the Real Estate Commission from General Revenue to be deposited to Texas Treasury Safekeeping Trust Company
- 84th Legislature (2015) Repeal \$200 fee increases on selected professions
- 85th Legislature (2017) Repealed fees, including: barber inspection, court reporters (renewal), agriculture/wildlife control (permit)
- 86th Legislature (2019) Increased geoscientists administrative penalty to \$1,500; repealed metal recycling entity fee maximum, cemetery brokers and used automotive parts employee license

#### **ALLOCATION**

General Revenue Fund 0001, various dedicated accounts, trust fund in the state treasury, in an account with the Texas Treasury Safekeeping Trust Company or retained at the local level

**PROFESSIONAL FEES (concluded)**  
**Revenue Object 3175**

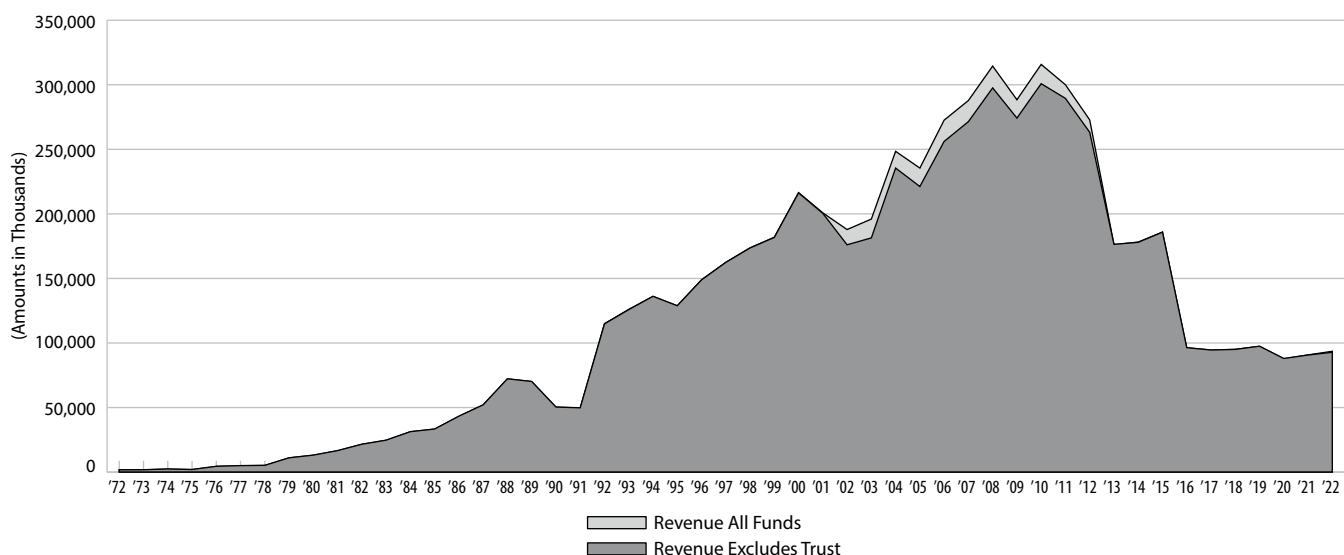
**NET COLLECTIONS**  
(Amounts in Thousands)

Year	Revenue All Funds	Revenue Excludes Trust	Percent Change	Percent of Other Revenue	Year	Revenue All Funds	Revenue Excludes Trust	Percent Change	Percent of Other Revenue
1972	\$ 1,684	\$ 1,684	-	0.33	2000	\$ 216,458	\$ 216,154	19.0	2.21
1973	1,752	1,752	4.0	0.31	2001	200,777	200,295	(7.3)	1.89
1974	2,305	2,305	31.6	0.33	2002	187,863	175,952	(12.2)	1.63
1975	1,918	1,918	(16.8)	0.25	2003	195,997	181,302	3.0	1.62
1976	4,380	4,380	128.3	0.48	2004	248,437	235,391	29.8	1.93
1977	4,932	4,932	12.6	0.45	2005	235,484	221,084	(6.1)	1.68
1978	5,130	5,130	4.0	0.42	2006	272,614	256,016	15.8	1.81
1979	10,977	10,977	114.0	0.83	2007	287,805	271,336	6.0	1.71
1980	13,055	13,055	18.9	0.77	2008	314,482	297,479	9.6	1.53
1981	16,544	16,544	26.7	0.77	2009	288,401	274,093	(7.9)	1.76
1982	21,498	21,498	29.9	0.91	2010	315,763	300,738	9.7	1.99
1983	24,632	24,632	14.6	1.11	2011	300,013	289,335	(3.8)	1.70
1984	31,224	31,224	26.8	1.25	2012	272,797	263,100	(9.1)	1.49
1985	33,268	33,268	6.5	1.12	2013 <sup>3</sup>	176,130	176,286	(33.0)	0.94
1986	43,218	43,218	29.9	1.07	2014	178,157	177,868	0.9	0.90
1987	52,011	52,011	20.3	1.49	2015	185,900	185,741	4.4	0.88
1988 <sup>1</sup>	72,164	72,164	38.7	2.05	2016	96,298	96,246	(48.2)	0.41
1989	70,100	70,100	(2.9)	1.89	2017	94,536	94,475	(1.8)	0.41
1990	50,278	50,278	(28.3)	1.24	2018	95,058	94,929	0.5	0.38
1991	49,683	49,683	(1.2)	1.15	2019	97,429	97,394	2.6	0.37
1992	114,941	114,704	130.9	2.13	2020	87,724	87,902	(9.7)	0.34
1993	125,984	125,744	9.6	1.81	2021	90,771	90,740	3.2	0.34
1994	136,084	136,048	8.2	1.69	2022	93,590	92,789	2.3	0.28
1995	128,776	128,743	(5.4)	1.53					
1996 <sup>2</sup>	148,897	148,762	15.5	1.64					
1997	162,438	162,301	9.1	1.74					
1998	173,691	173,485	6.9	1.88					
1999	181,881	181,660	4.7	1.74					

<sup>1</sup> Revenue object codes 3181-3187 were used from 1988-1993 and have since expired

<sup>2</sup> Before fiscal 1996, revenue object code 3171 was used for Gross Receipts Permit fees and not used in calculating the net collections for this revenue source. Beginning in 1996, object code 3171 used for \$200 increase in certain professional fees per HB 11, 72nd Legislature, 1st Called Session; \$200 increase repealed by the 84th Legislature (2015)

<sup>3</sup> Securities fees were removed and deposited to object code 3186 beginning in 2013



Source(s): Glenn Hegar, Texas Comptroller

**PUBLIC UTILITY GROSS RECEIPTS ASSESSMENT**  
**Revenue Object 3230 \***

**RATE AND BASE**

*State:* 1/6 of 1% of gross receipts

*Local:* None

*Federal:* None

*Major Exemptions:* None

**ADMINISTRATION**

*Agency:* Comptroller of Public Accounts

*Number of Taxpayers:* 402

*Payment Cycle:* Annually (may be paid quarterly)

*Due Date:* Aug. 15 for previous 12-month period (15th of August, November, February and May for quarterly filers)

*Remitted By:* Each public utility, retail electric provider and electric cooperative under jurisdiction of Public Utility Commission of Texas, including interchange telecommunications carriers

**LEGAL CITATION(S)**

Texas Utilities Code, §§ 16.001 - 16.004

**ENACTED**

64th Legislature (1975) One-sixth of 1% of gross receipts (first due Aug. 31, 1976)

76th Legislature (1999) To the entities to which the assessment is applied, added retail electric providers and electric cooperatives (eff. Sept. 1, 1999)

**RATE AND BASE CHANGES**

None

**ALLOCATION**

General Revenue Fund 0001 — 100%

**PUBLIC UTILITY GROSS RECEIPTS ASSESSMENT (concluded)**  
**Revenue Object 3230 \***

**NET COLLECTIONS**  
(Amounts in Thousands)

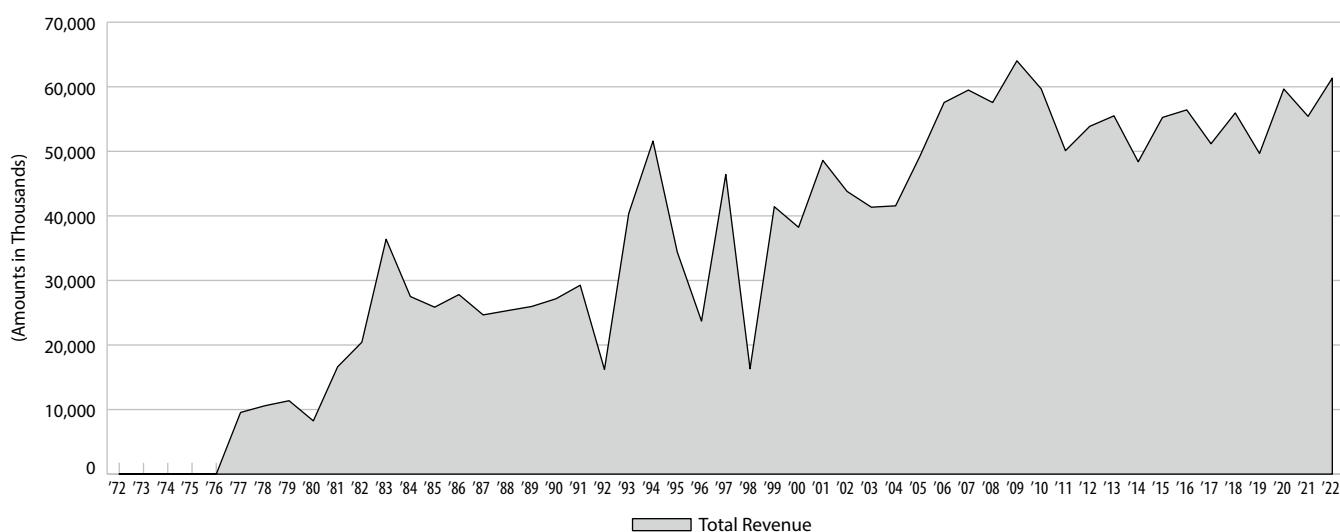
Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Taxes	Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Taxes
1972	\$ 0	-	0.00	2000	\$ 38,234	(7.7)	0.15
1973	0	-	0.00	2001	48,597	27.1	0.18
1974	0	-	0.00	2002	43,791	(9.9)	0.17
1975	0	-	0.00	2003	41,346	(5.6)	0.16
1976	0	-	0.00	2004	41,557	0.5	0.15
1977	9,547	-	0.22	2005	49,231	18.5	0.16
1978	10,587	10.9	0.21	2006	57,566	16.9	0.17
1979	11,369	7.4	0.21	2007	59,490	3.3	0.16
1980	8,245	(27.5)	0.13	2008	57,560	(3.2)	0.14
1981	16,612	101.5	0.21	2009	64,025	11.2	0.17
1982	20,433	23.0	0.24	2010	59,682	(6.8)	0.17
1983	36,390	78.1	0.43	2011	50,107	(16.0)	0.13
1984	27,509	(24.4)	0.30	2012	53,868	7.5	0.12
1985	25,859	(6.0)	0.24	2013	55,498	3.0	0.12
1986	27,810	7.5	0.27	2014	48,385	(12.8)	0.09
1987	24,660	(11.3)	0.24	2015	55,254	14.2	0.11
1988	25,321	2.7	0.20	2016	56,419	2.1	0.12
1989	25,966	2.5	0.20	2017	51,175	(9.3)	0.10
1990	27,157	4.6	0.20	2018	55,947	9.3	0.10
1991	29,262	7.8	0.20	2019	49,666	(11.2)	0.08
1992 <sup>1</sup>	16,203	(44.6)	0.10	2020	59,652	20.1	0.10
1993 <sup>1</sup>	40,375	149.2	0.24	2021	55,419	(7.1)	0.09
1994 <sup>2</sup>	51,596	27.8	0.28	2022	61,353	10.7	0.08
1995	34,413	(33.3)	0.18				
1996 <sup>1</sup>	23,697	(31.1)	0.12				
1997 <sup>1</sup>	46,422	95.9	0.22				
1998 <sup>1,2</sup>	16,311	(64.9)	0.07				
1999 <sup>1</sup>	41,423	154.0	0.18				

\* Revenue object code 3669 (relating to funds remitted under protest) was available through fiscal 2004 for use with this revenue source in calculating net collections

<sup>†</sup> No revenue deposited to trust

<sup>1</sup> Adjustment for deposit posting errors: \$11.8 million in 1992-93; \$10.1 million in 1996-97 (see Gas, Electric & Water Utility tax); and \$3.5 million in 1998-99

<sup>2</sup> Fiscal 1994 includes \$17.4 million in speed-up; fiscal 1998 reflects \$19.8 million associated with expiration of speed-up



Source(s): Glenn Hegar, Texas Comptroller

## **SALES AND USE TAX**

### **Revenue Objects 3010, 3100 - 3103 and 3105**

**RATE AND BASE**

<i>State:</i>	6.25% of the retail sale price of taxable tangible personal property and selected services
<i>Local:</i>	Cities, Metropolitan Transportation Authorities (MTAs), counties and other local taxing jurisdictions may levy local sales taxes subject to the restriction that the total local rate cannot exceed 2%
<i>Federal:</i>	None
<i>Major Exemptions:</i>	Sales for resale, items taxed by other law, sales to governments, sales to certain charitable organizations, food for home consumption, certain health care items, residential and manufacturing gas and electricity, many items used in agriculture, raw materials and equipment used in manufacturing, sales tax holidays for clothing and footwear, school supplies, emergency preparation supplies, energy efficient products and water efficient products.

**ADMINISTRATION**

<i>Agency:</i>	Comptroller of Public Accounts
<i>Number of Taxpayers:</i>	847,531
<i>Payment Cycle:</i>	Monthly, quarterly, and annually with option to prepay
<i>Due Date:</i>	20th day of the month for the preceding month; 15th day of the current month for prepayers
<i>Remitted By:</i>	Sellers and users of taxable items

**LEGAL CITATION(S)**

Texas Tax Code, §§ 151.051, 151.0515, 151.101, 151.801 ("the Limited Sales, Excise, and Use" tax)  
Texas Tax Code, §§ 321.103, 321.104 (cities)  
Texas Tax Code, §§ 322.101, 322.102 (certain transit authorities)  
Texas Tax Code, §§ 323.103, 323.104, 323.105 (counties and crime control districts)  
Texas Tax Code, §§ 324.021, 324.022 (hospital districts)  
Texas Tax Code, §§ 325.021, 325.022 (county landfill and criminal detention center)  
Texas Tax Code, §§ 327.003, 327.004 (municipal street maintenance)

**ENACTED**

57th Legislature (1961) 2% (eff. 9/1/61)

**RATE AND BASE CHANGES**

See Appendix C for base changes
60th Legislature (1968) 3% (eff. Oct. 2, 1968)
61st Legislature (1969) 3.25% (eff. Oct. 1, 1969)
62nd Legislature (1971) 4% (eff. July 1, 1971)
68th Legislature (1984) 4.125% (eff. Oct. 2, 1984)
69th Legislature (1986) 5.25% (eff. Jan. 1, 1987 - temporary)
70th Legislature (1987) 6% (eff. Oct. 1, 1987)
71st Legislature (1990) 6.25% (eff. July 1, 1990)
77th Legislature (2001) Additional 2% sales tax on fireworks (eff. Oct. 31, 2001); 1% surcharge (TERP) on certain off-road equipment
78th Legislature (2003) 1% surcharge (for TERP program) on certain off-road equipment increased to 2%
84th Legislature (2015) Repealed 2% sales tax on fireworks (eff. Sept. 1, 2015); 2% TERP surcharge decreased to 1.5%
86th Legislature (2019) Added special allocation of the sales tax collected on horse related items; added sales tax collected by marketplace providers; extended surcharge expiration from Aug. 31, 2019 to the date the commission publishes the notices required under Health and Safety Code 382.037 and changed the deposit of the surcharge to Texas Emissions Reduction Plan Trust Fund 1201
87th Legislature (2021) Added allocation of \$100,000 to GR Account – Texas Music Incubator 5193 each fiscal year

**ALLOCATION**

State Highway Fund 0006 — Sales tax collections (estimated) on motor lubricants
Sales tax collections (estimated) on certain sporting goods sales: 7% for the Texas Historical Commission; 93% for Parks and Wildlife Department
GR Account - Rural Volunteer Fire Department Insurance 5066 — estimated revenue corresponding to a 2% tax on the retail sale of fireworks
Texas Emissions Reduction Plan Trust Fund 1201 — 1.5% diesel equipment surcharge
General Revenue Fund 0001 and/or certain Events Trust Funds — remaining balance
Tax Reduction and Excellence in Education Fund 0305 — Sales tax collected by marketplace providers
Horse Industry Escrow Trust Account 0876 — sales tax on horse related sales
GR Account – Texas Music Incubator 5193 — \$100,000 each fiscal year

Note: SJR 5, passed by the 84th Legislature and approved by voters on Nov. 3, 2015, directs the net annual revenue derived from items taxable under Chapter 151, Tax Code (state sales tax), following the first \$28 billion in collections and up to \$2.5 billion yearly, be transferred to the State Highway Fund. This provision took effect in fiscal 2018, extend through fiscal 2032, and may be extended by Legislative action.

**SALES AND USE TAX (concluded)**  
**Revenue Objects 3010, 3100 - 3103 and 3105**

**NET COLLECTIONS**  
(Amounts in Thousands)

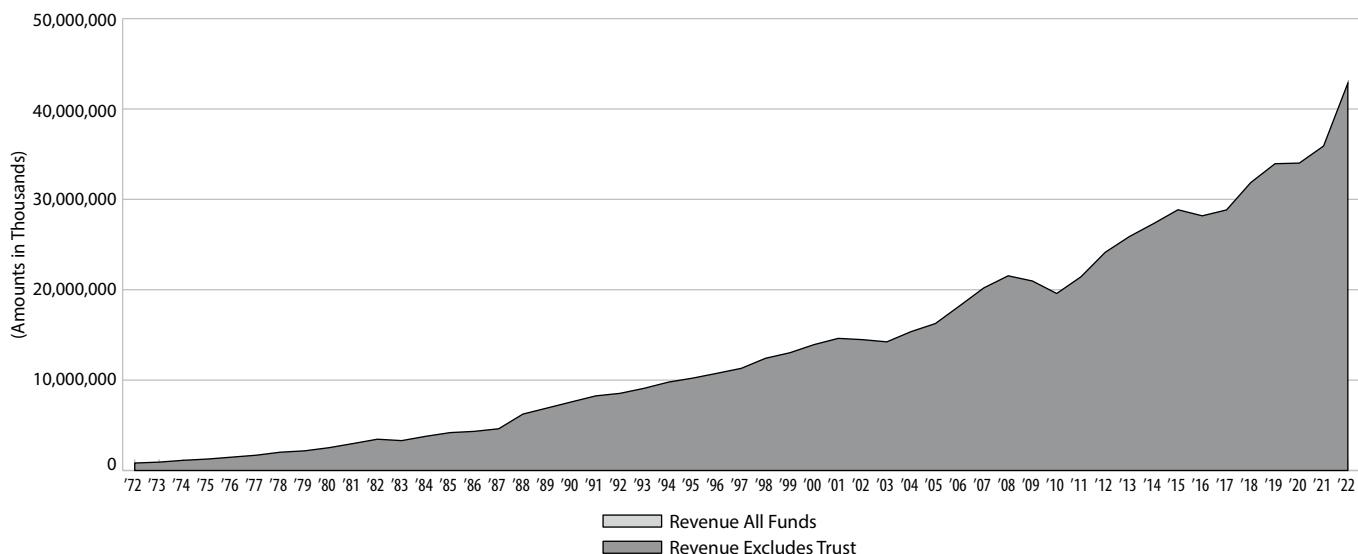
Year	Revenue All Funds	Revenue Excludes Trust	Percent Change	Percent of Taxes	Year	Revenue All Funds	Revenue Excludes Trust	Percent Change	Percent of Taxes
1972	\$ 824,024	\$ 824,024	-	35.15	2002	\$ 14,476,616	\$ 14,476,616	(1.0)	55.09
1973	926,211	926,211	12.4	35.85	2003	14,234,160	14,234,160	(1.7)	54.48
1974	1,126,239	1,126,239	21.6	37.22	2004	15,368,233	15,368,233	8.0	55.06
1975	1,266,637	1,266,637	12.5	37.53	2005	16,258,035	16,258,035	5.8	54.49
1976	1,478,372	1,478,372	16.7	37.77	2006	18,218,356	18,218,356	12.1	54.31
1977	1,689,043	1,689,043	14.3	38.21	2007	20,208,699	20,208,699	10.9	54.68
1978	2,023,721	2,023,721	19.8	40.21	2008	21,541,624	21,541,624	6.6	52.09
1979	2,174,266	2,174,266	7.4	40.34	2009	20,965,737	20,965,737	(2.7)	55.43
1980	2,521,374	2,521,374	16.0	39.75	2010	19,584,153	19,584,153	(6.6)	55.37
1981	2,982,858	2,982,858	18.3	38.53	2011 <sup>2</sup>	21,476,612	21,431,610	9.4	55.16
1982	3,461,092	3,461,092	16.0	40.01	2012	24,158,680	24,141,892	12.6	54.77
1983	3,304,614	3,304,614	(4.5)	38.89	2013	25,932,245	25,890,298	7.2	54.19
1984	3,784,765	3,784,765	14.5	40.67	2014	27,363,711	27,328,968	5.6	53.59
1985	4,191,844	4,191,844	10.8	39.10	2015	28,883,117	28,850,614	5.6	55.82
1986	4,329,871	4,329,872	3.3	42.32	2016 <sup>3</sup>	28,221,989	28,179,244	(2.3)	58.13
1987	4,616,533	4,616,533	6.6	44.97	2017	28,875,108	28,829,670	2.3	58.07
1988	6,242,907	6,242,907	35.2	50.49	2018	31,905,371	31,860,963	10.5	57.32
1989	6,914,695	6,914,695	10.8	53.58	2019	33,960,761	33,944,476	6.5	57.16
1990	7,589,434	7,589,434	9.8	55.67	2020	34,042,424	34,012,742	0.2	59.28
1991	8,255,678	8,255,678	8.8	55.33	2021	35,927,959	35,903,439	5.6	58.40
1992	8,534,512	8,534,512	3.4	53.85	2022	42,991,602	42,853,576	19.4	55.50
1993	9,096,928	9,096,926	6.6	53.48					
1994	9,780,352	9,780,352	7.5	54.02					
1995	10,222,684	10,222,685	4.5	54.21					
1996 <sup>1</sup>	10,755,593	10,755,593	5.2	54.42					
1997	11,303,449	11,303,446	5.1	53.35					
1998	12,417,754	12,417,759	9.9	54.86					
1999	13,027,213	13,027,218	4.9	55.17					
2000	13,930,223	13,930,219	6.9	55.10					
2001	14,620,930	14,620,929	5.0	53.69					

\* Revenue object code 3658 (relating to funds remitted under protest) was available through fiscal 2004 for use with this revenue source in calculating net collections

<sup>1</sup> Effective fiscal 1996, revenue object code 3798 (relating to tax refunds for economic development, reinvestment zone/abatement agreements) is used with this revenue source in calculating net collections. Repealed for refunds claimed after Oct. 1, 2011

<sup>2</sup> Starting in 2011, the Events Trust Fund, Major Events Reimbursement Program Fund (trust), Special Events Trust Fund (repealed), and the Motor Sports Racing Trust Fund started receiving certain taxes

<sup>3</sup> Revenue object code 3127, previously reported in the Sales and Use Tax profile, was for the Fireworks Tax, effective with fiscal 2002 at a 2% rate; the tax was repealed by the 84th Legislature (2015) beginning fiscal 2016. Revenue Object code 3127 not in regular use at time of writing due to repeal; any revenue object 3127 activity (e.g., associated with the Fireworks Tax) subsequent to repeal included in the table above



Source(s): Glenn Hegar, Texas Comptroller

**SECURITIES FEES**  
**Revenue Object 3186**

**RATE AND BASE**

<i>State:</i>	One-tenth of 1% of the aggregate amount of securities proposed to be sold and based on the price at which securities are to be offered. \$10,000 fee for filing an application for approval to exempt a stock exchange. \$500 fee for filing initial notice or renewal to claim a secondary trading exemption
<i>Local:</i>	None
<i>Federal:</i>	None
<i>Major Exemptions:</i>	None

**ADMINISTRATION**

<i>Agency:</i>	State Securities Board
<i>No. of Fees Collected:</i>	95,909
<i>Payment Cycle:</i>	N/A
<i>Due Date:</i>	At time of application. Renewals vary by type of security
<i>Remitted By:</i>	Dealers and investment advisors

**LEGAL CITATION(S)**

Texas Government Code, Chapter 4006

**ENACTED**

1935 by the 44th Leg.

**RATE AND BASE CHANGES**

**ALLOCATION**

General Revenue Fund 0001 — 100%

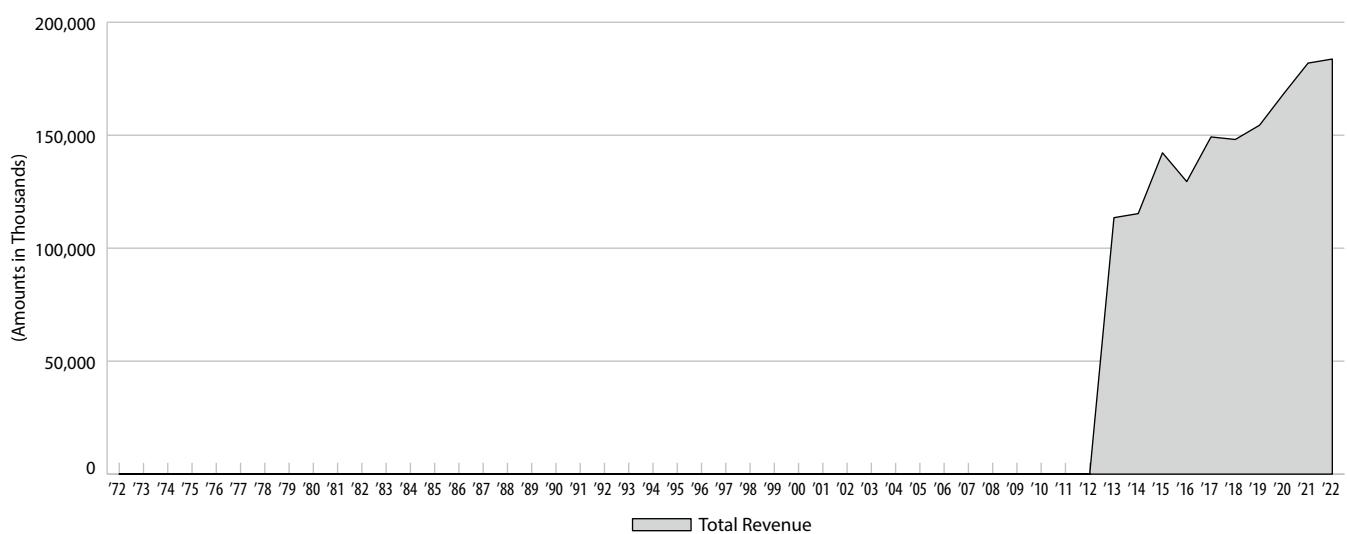
**SECURITIES FEES (concluded)**  
**Revenue Object 3186**

**NET COLLECTIONS**  
(Amounts in Thousands)

Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Other Revenue	Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Other Revenue
1972	\$ 0	-	0.00	2000	\$ 0	-	0.00
1973	0	-	0.00	2001	0	-	0.00
1974	0	-	0.00	2002	0	-	0.00
1975	0	-	0.00	2003	0	-	0.00
1976	0	-	0.00	2004	0	-	0.00
1977	0	-	0.00	2005	0	-	0.00
1978	0	-	0.00	2006	0	-	0.00
1979	0	-	0.00	2007	0	-	0.00
1980	0	-	0.00	2008	0	-	0.00
1981	0	-	0.00	2009	0	-	0.00
1982	0	-	0.00	2010	0	-	0.00
1983	0	-	0.00	2011	0	-	0.00
1984	0	-	0.00	2012	0	-	0.00
1985	0	-	0.00	2013 <sup>‡</sup>	113,508	-	0.61
1986	0	-	0.00	2014	115,301	1.6	0.59
1987	0	-	0.00	2015	142,211	23.3	0.68
1988	0	-	0.00	2016	129,465	(9.0)	0.55
1989	0	-	0.00	2017	149,233	15.3	0.64
1990	0	-	0.00	2018	148,102	(0.8)	0.59
1991	0	-	0.00	2019	154,409	4.3	0.58
1992	0	-	0.00	2020	168,421	9.1	0.65
1993	0	-	0.00	2021	181,912	8.0	0.67
1994	0	-	0.00	2022	183,721	1.0	0.55
1995	0	-	0.00				
1996	0	-	0.00				
1997	0	-	0.00				
1998	0	-	0.00				
1999	0	-	0.00				

<sup>†</sup> No revenue deposited to trust

<sup>‡</sup> Prior to 2013, securities fees were collected under object code 3175



Source(s): Glenn Hegar, Texas Comptroller

## **SPECIAL VEHICLE PERMITS**

### **Revenue Object 3018**

**RATE AND BASE**

<i>State:</i>	Fee amounts vary depending on type of permit. Excess weight fee is a \$90 base fee, plus additional amounts based on number of counties traveled. Fines for weight over vehicle allowable weight. Oversize/overweight vehicle permits from \$60 for single trip to \$270-\$960 for annual permit. Other permits for oversize portable buildings and mobile homes, hay and timber transports, oil well equipment and other oversize vehicles
<i>Local:</i>	Varies by type of vehicle and number of counties entered
<i>Federal:</i>	None
<i>Major Exemptions:</i>	None

**ADMINISTRATION**

<i>Agency:</i>	Texas Department of Motor Vehicles (DMV)
<i>No. of Fees Collected:</i>	745,000
<i>Payment Cycle:</i>	N/A
<i>Due Date:</i>	Annually, when permit is issued or as determined by DMV
<i>Remitted By:</i>	County tax assessor-collectors, DMV and various government entities

**LEGAL CITATION(S)**

Transportation Code §§ 342.004, 621.353, 621.354, 621.506, 621.507, 622.051, 623.011, 623.0111, 623.0112, 623.017, 623.0171, 623.019, 623.095(c), 623.096, 623.121, 623.124, 623.145, 623.147, 623.181, 623.182, 623.197, 623.322

**ENACTED**

Various dates depending on the fee or permit beginning in 1929 by the 41st Legislature.

**RATE AND BASE CHANGES**

- 53rd Legislature (1953) Set rates for excess weight vehicles
- 55th Legislature (1957) Set rates for transporting manufactured homes
- 56th Legislature (1959) Set rates for transporting over length poles
- 58th Legislature (1963) Set rates for transporting oil well servicing
- 63rd Legislature (1973) Set rates for transporting unladen lift equipment
- 67th Legislature (1981) Set rates for transporting portable buildings
- 68th Legislature (1983) Increased various permit fees
- 71st Legislature (1989) Various permit fees increased
- 72nd Legislature (1991) Set highway maintenance fee; set rates for cotton vehicles and hay transporters
- 74th Legislature (1995) Amended rates for manufactured homes
- 75th Legislature (1997) Added additional highway maintenance fee and fee for super-heavy vehicles
- 77th Legislature (2001) Added \$500 fine for moving a manufactured home without a permit on certain roads
- 78th Legislature (2003) Increased fine for moving manufactured home without permit on certain roads to \$1,000; authorized a voluntary fee for priority boarding on the Galveston-Port Bolivar ferry
- 79th Legislature (2005) Added ‘chile pepper modules’ to products eligible for transport on ‘cotton vehicle’ plated vehicles
- 80th Legislature (2007) Increased fees for excess weight, oversize/overweight, portable buildings, mobile homes, lift equipment
- 82nd Legislature (2011) Increased excess weight base fee from \$75 to \$90
- 83rd Legislature (2013) Added \$1,500 timber transporting fee and \$1,000 ready-mix concrete truck fee
- 84th Legislature (2015) Department of Motor Vehicles Fund 0010 recreated effective Sept. 1, 2015; certain deposits that had been made to General Revenue deposited to new Fund 0010 beginning that date. Added \$960 oversize/overweight fee.
- 85th Legislature (2017) Added \$1,200 permit for transport of fluid milk and \$6,000 permit for transport of intermodal shipping containers; increased port fee to \$120.

**ALLOCATION**

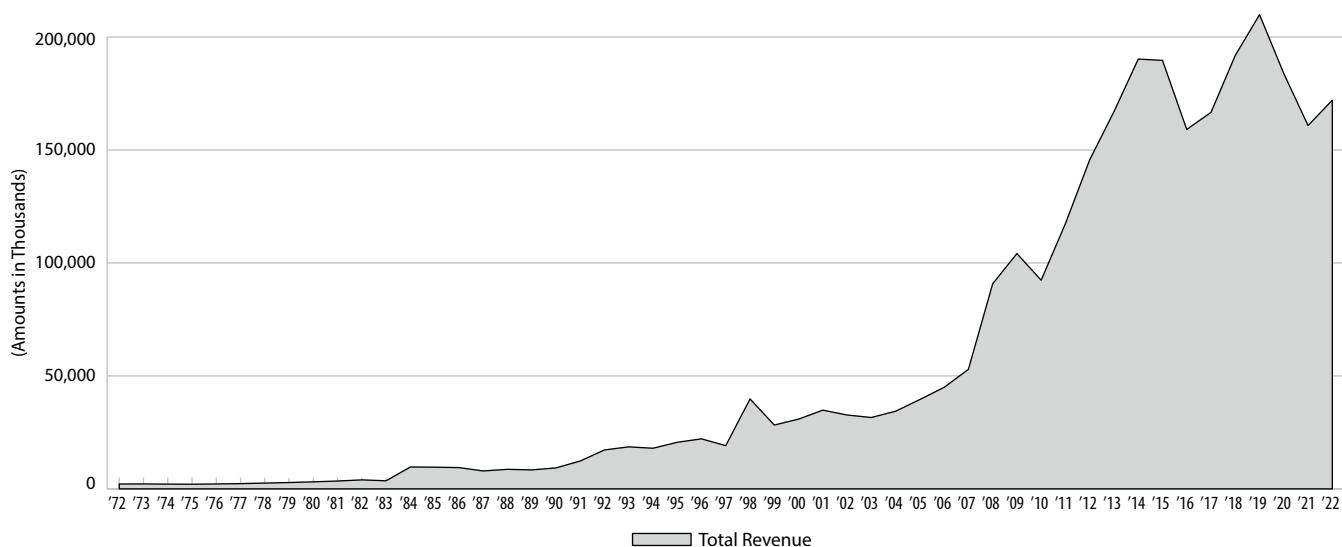
- General Revenue Fund 0001
- State Highway Fund 0006
- Department of Motor Vehicles Fund 0010

**SPECIAL VEHICLE PERMITS (concluded)**  
**Revenue Object 3018**

**NET COLLECTIONS**  
(Amounts in Thousands)

Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Other Revenue	Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Other Revenue
1972	\$ 2,159	-	0.42	2000	\$ 30,884	9.3	0.32
1973	2,190	1.4	0.39	2001	34,854	12.9	0.33
1974	2,105	(3.9)	0.31	2002	32,692	(6.2)	0.30
1975	2,068	(1.8)	0.26	2003	31,598	(3.3)	0.28
1976	2,178	5.3	0.24	2004	34,374	8.8	0.28
1977	2,329	7.0	0.21	2005	39,557	15.1	0.30
1978	2,574	10.5	0.21	2006	44,951	13.6	0.32
1979	2,813	9.3	0.21	2007	52,902	17.7	0.33
1980	3,117	10.8	0.18	2008	90,748	71.5	0.47
1981	3,489	11.9	0.16	2009	104,161	14.8	0.67
1982	3,984	14.2	0.17	2010	92,356	(11.3)	0.61
1983	3,586	(10.0)	0.16	2011	117,437	27.2	0.69
1984	9,689	170.2	0.39	2012	145,644	24.0	0.82
1985	9,610	(0.8)	0.32	2013	166,955	14.6	0.89
1986	9,427	(1.9)	0.23	2014	190,214	13.9	0.97
1987	7,938	(15.8)	0.23	2015	189,660	(0.3)	0.90
1988	8,662	9.1	0.25	2016	159,091	(16.1)	0.68
1989	8,408	(2.9)	0.23	2017	166,648	4.8	0.72
1990	9,286	10.4	0.23	2018	191,855	15.1	0.77
1991	12,336	32.9	0.29	2019	209,883	9.4	0.79
1992	17,234	39.7	0.32	2020	183,846	(12.4)	0.70
1993	18,600	7.9	0.27	2021	160,806	(12.5)	0.59
1994	17,991	(3.3)	0.22	2022	172,017	7.0	0.52
1995	20,626	14.6	0.25				
1996	22,143	7.4	0.24				
1997	19,142	(13.6)	0.21				
1998	39,806	108.0	0.43				
1999	28,253	(29.0)	0.27				

<sup>†</sup> No revenue deposited to trust



Source(s): Glenn Hegar, Texas Comptroller; Texas Department of Motor Vehicles; Texas Department of Transportation

## **STATE PARKS FEES**

### **Revenue Object 3461**

#### **RATE AND BASE**

<i>State:</i>	Daily entrance fees vary by park and historic site. Children 12 or younger generally free. An annual Texas State Parks Pass, in lieu of daily entrance fees, is available for \$70 and gives unlimited access
<i>Local:</i>	None
<i>Federal:</i>	None
<i>Major Exemptions:</i>	Under the age of 13, age 65 and over, and disabled individuals

#### **ADMINISTRATION**

<i>Agency:</i>	Texas Parks and Wildlife Department (TPWD) and Historical Commission (THC)
<i>No. of Visitors:</i>	10,322,916 total visits fiscal 2022
<i>Payment Cycle:</i>	Weekly
<i>Due Date:</i>	Each week
<i>Remitted By:</i>	Park visitors

\*Source: Texas Comptroller's Office, TPWD

#### **LEGAL CITATION(S)**

Texas Parks and Wildlife Code, §§ 11.053, 13.015 - 13.019, 21.105 - 21.111(a), 22.022, 22.261, 43.52  
Government Code § 442.0051

#### **ENACTED**

60th Legislature (1967) Directed TPWD to charge and collect entrance fees at parks

#### **RATE AND BASE CHANGES**

NOTE: Rates are set by TPWD and THC and may be modified annually  
66th Legislature (1979) Established reservation fees for campsites  
72nd Legislature (1991) Established annual Texas Conservation Permits (TCPs)  
74th Legislature (1995) Amended the permit fee for TCPs  
85th Legislature (2017) Changed Admiral Nimitz Museum entrance fee revenue deposit from General Revenue to National Museum of the Pacific War Museum Fund 1015, outside state treasury  
86th Legislature (2019) Several state historic sites transferred from TPWD to THC. The transfer included the fees collected at the sites GR-D Account 5139 Historic Sites was recreated on Jan. 1, 2020 to receive the fees for use in the maintenance and operation of historic sites.

#### **ALLOCATION**

Entrance and campsite fees (excludes wildlife refuges):

Texas Parks Development Bonds Interest and Sinking Fund 0409 — Certain park fees to cover principle/interest during the life of the bonds

GR Account - State Parks 0064 — Remainder of TPWD-collected fees

GR Account - Historic Site 5139 — Fees collected at THC-managed historic sites

Wildlife refuge entrance fees:

GR Account - Non-Game and Endangered Species Conservation 0506 — 100%

Conservation permits:

General Revenue Fund 0001 — 100%

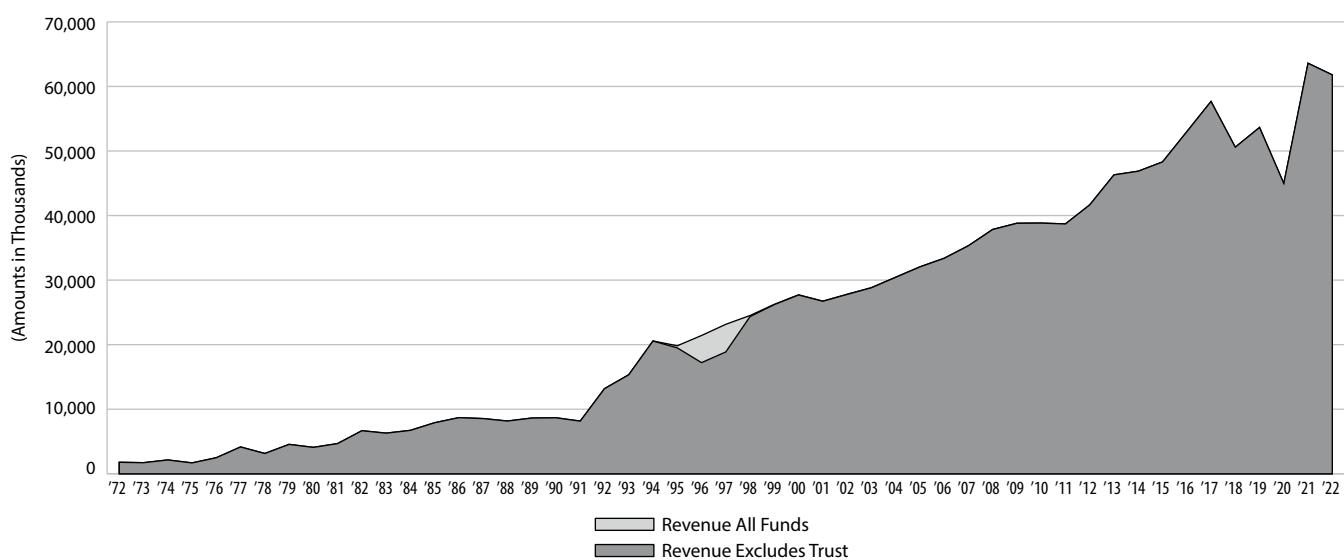
Admiral Nimitz Museum entrance fee:

National Museum of the Pacific War Museum Fund 1015 — 100%

**STATE PARKS FEES (concluded)**  
**Revenue Object 3461**

**NET COLLECTIONS**  
(Amounts in Thousands)

Year	Revenue All Funds	Revenue Excludes Trust	Percent Change	Percent of Other Revenue	Year	Revenue All Funds	Revenue Excludes Trust	Percent Change	Percent of Other Revenue
1972	\$ 1,787	\$ 1,787	-	0.35	2000	\$ 27,721	\$ 27,701	5.7	0.28
1973	1,722	1,722	(3.7)	0.30	2001	26,743	26,731	(3.5)	0.25
1974	2,147	2,147	24.7	0.31	2002	27,809	27,791	4.0	0.26
1975	1,689	1,689	(21.3)	0.22	2003	28,831	28,818	3.7	0.26
1976	2,492	2,492	47.6	0.28	2004	30,449	30,437	5.6	0.25
1977	4,160	4,160	66.9	0.38	2005	32,060	32,050	5.3	0.24
1978	3,145	3,145	(24.4)	0.26	2006	33,391	33,381	4.2	0.24
1979	4,559	4,559	44.9	0.35	2007	35,334	35,326	5.8	0.22
1980	4,096	4,096	(10.2)	0.24	2008	37,856	37,845	7.1	0.20
1981	4,683	4,683	14.3	0.22	2009	38,813	38,813	2.6	0.25
1982	6,674	6,674	42.5	0.28	2010	38,839	38,839	0.1	0.26
1983	6,300	6,300	(5.6)	0.28	2011	38,709	38,709	(0.3)	0.23
1984	6,730	6,730	6.8	0.27	2012	41,655	41,655	7.6	0.24
1985	7,915	7,915	17.6	0.27	2013	46,306	46,306	11.2	0.25
1986	8,701	8,701	9.9	0.21	2014	46,876	46,876	1.2	0.24
1987	8,556	8,556	(1.7)	0.24	2015	48,307	48,307	3.1	0.23
1988	8,175	8,175	(4.5)	0.23	2016	52,978	52,978	9.7	0.23
1989	8,637	8,637	5.7	0.23	2017	57,680	57,680	8.9	0.25
1990	8,682	8,682	0.5	0.21	2018	50,595	50,595	(12.3)	0.20
1991	8,161	8,161	(6.0)	0.19	2019	53,654	53,654	6.0	0.20
1992	13,187	13,187	61.6	0.25	2020	44,977	44,977	(16.2)	0.17
1993	15,340	15,340	16.3	0.22	2021	63,601	63,601	41.4	0.23
1994	20,578	20,571	34.1	0.26	2022	61,793	61,793	(2.8)	0.19
1995	19,825	19,514	(5.1)	0.23					
1996	21,418	17,225	(11.7)	0.19					
1997	23,152	18,881	9.6	0.20					
1998	24,516	24,361	29.0	0.26					
1999	26,249	26,212	7.6	0.25					



Source(s): Glenn Hegar, Texas Comptroller; Texas Parks and Wildlife Department

## **TEACHER CERTIFICATION FEES**

### **Revenue Object 3511**

#### **RATE AND BASE**

<i>State:</i>	\$75 for a standard teaching certificate; \$30 for a standard educational aide certificate; and other associated fees
<i>Local:</i>	None
<i>Federal:</i>	None
<i>Major Exemptions:</i>	Educators holding a lifetime educator certification

#### **ADMINISTRATION**

<i>Agency:</i>	Texas Education Agency (701) for the State Board for Educator Certification (705)
<i>No. of Fees Collected:</i>	N/A
<i>Payment Cycle:</i>	Every five years for standard teaching certificate
<i>Due Date:</i>	At time of exam and upon application for certificate before teaching school in Texas
<i>Remitted By:</i>	Educators, educator preparation programs and school districts

#### **LEGAL CITATION(S)**

Texas Education Code, § 21.041  
Texas Occupations Code, § 53.105

#### **ENACTED**

54th Legislature (1955) Fee amount set by rule

#### **RATE AND BASE CHANGES**

66th Legislature (1979) Repealed  
67th Legislature (1981) Re-enacted; fee amount set by rule  
74th Legislature (1995) Statutes and fees recodified  
81st Legislature (2009) Added Criminal History Evaluation Letter Fee

#### **ALLOCATION**

General Revenue Fund 0001—100%

**TEACHER CERTIFICATION FEES (concluded)**  
**Revenue Object 3511**

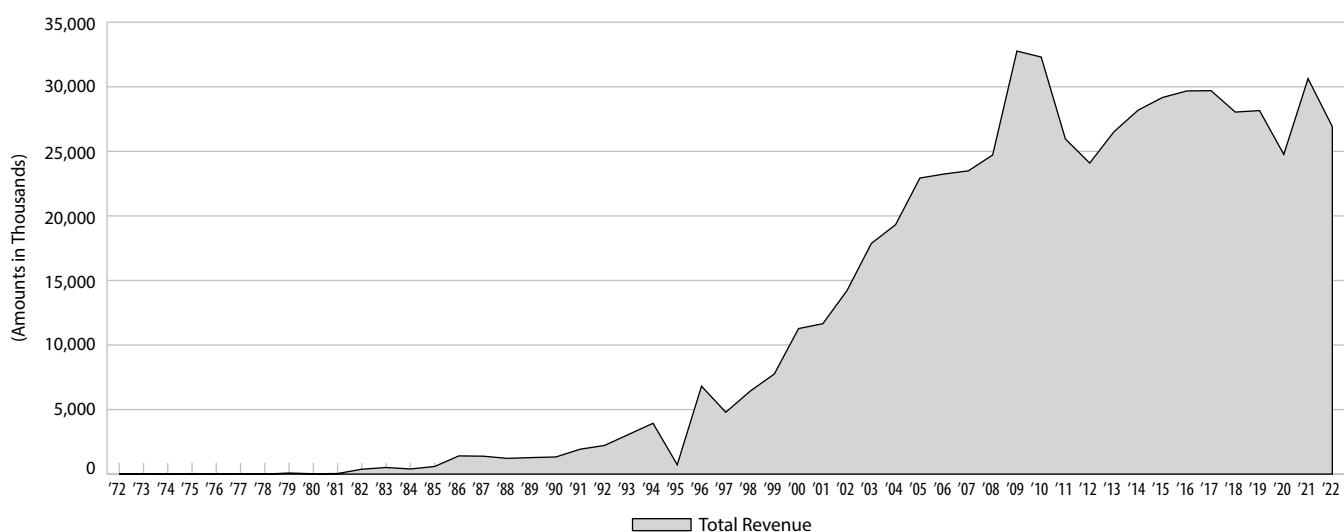
**NET COLLECTIONS**  
(Amounts in Thousands)

Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Other Revenue	Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Other Revenue
1972	\$ 0	-	0.00	2000 <sup>2</sup>	\$ 11,273	45.4	0.12
1973	0	-	0.00	2001	11,648	3.3	0.11
1974	0	-	0.00	2002	14,223	22.1	0.13
1975	0	-	0.00	2003	17,866	25.6	0.16
1976	0	-	0.00	2004	19,320	8.1	0.16
1977	0	-	0.00	2005	22,930	18.7	0.17
1978	0	-	0.00	2006	23,242	1.4	0.16
1979	83	-	0.01	2007	23,488	1.1	0.15
1980	27	(67.4)	0.00	2008	24,716	5.2	0.13
1981	44	61.7	0.00	2009	32,762	32.6	0.21
1982	378	760.4	0.02	2010	32,302	(1.4)	0.21
1983	511	35.4	0.02	2011	25,950	(19.7)	0.15
1984	396	(22.5)	0.02	2012	24,091	(7.2)	0.14
1985	591	49.1	0.02	2013	26,515	10.1	0.14
1986	1,411	138.8	0.03	2014	28,195	6.3	0.14
1987	1,387	(1.7)	0.04	2015	29,169	3.5	0.14
1988	1,218	(12.2)	0.03	2016	29,675	1.7	0.13
1989	1,281	5.2	0.03	2017	29,699	0.1	0.13
1990	1,328	3.7	0.03	2018	28,041	(5.6)	0.11
1991	1,929	45.2	0.04	2019	28,156	0.4	0.11
1992	2,218	15.0	0.04	2020	24,762	(12.1)	0.09
1993	3,077	38.7	0.04	2021	30,631	23.7	0.11
1994	3,935	27.9	0.05	2022	26,916	(12.1)	0.08
1995 <sup>1</sup>	729	(81.5)	0.01				
1996	6,808	834.1	0.08				
1997	4,790	(29.6)	0.05				
1998	6,417	34.0	0.07				
1999	7,753	20.8	0.07				

<sup>†</sup> No revenue deposited to trust

<sup>1</sup> Percentage of processed payments delayed until fiscal 1996 due to the creation of the State Board for Educator Certification in 1995

<sup>2</sup> Policy change in fiscal 2000 due to SB 177, 76th Legislature: state agencies must collect all fees relating to certification exam



Source(s): Glenn Hegar, Texas Comptroller

## **WASTE DISPOSAL FACILITIES, GENERATORS & TRANSPORTERS FEES**

### **Revenue Object 3592**

#### **RATE AND BASE**

<i>State:</i>	Various permits and fees for storing, transporting or disposing hazardous waste, solid waste, industrial solid waste, sewage, landfills and waste tire disposal facilities; rates are generally set by the administering agency to cover regulatory costs
<i>Local:</i>	None
<i>Federal:</i>	None
<i>Major Exemptions:</i>	None

#### **ADMINISTRATION**

<i>Agency:</i>	Texas Commission on Environmental Quality and Texas Railroad Commission
<i>No. of Fees Collected:</i>	19,018
<i>Payment Cycle:</i>	Various
<i>Due Date:</i>	Various
<i>Remitted By:</i>	Operators of waste disposal or storage facilities and waste transporters

#### **LEGAL CITATION(S)**

Texas Health and Safety Code, §§ 361.013, 361.091, 361.121, 361.131-361.139, 361.4725, 366.058, 366.059, 366.071, 367.010  
Texas Natural Resources Code, § 91.605  
Texas Water Code, §§ 26.0301, 29.015

#### **ENACTED**

69th Legislature (1985) Various permits and fees on the storage, processing or disposal of hazardous waste, solid waste, industrial solid waste, and private sewage facilities

#### **RATE AND BASE CHANGES**

70th Legislature (1987) Added permit fees for on-site sewage, wastewater treatment and putrescible waste facilities  
71st Legislature (1989) Added solid waste disposal fees on transporters and use of municipal solid waste landfills  
72nd Legislature (1991) Added permits and fees for hauling/disposal of oil and natural gas waste  
73rd Legislature (1993) Added permit fees for operating a waste tire storage facility  
82nd Legislature (2011) Changes deposit of Oil and Gas Waste Fee  
83rd Legislature (2013) Lowered Solid Waste Disposal Fee  
86th Legislature (2019) Added municipal solid waste facility application fee

#### **ALLOCATION**

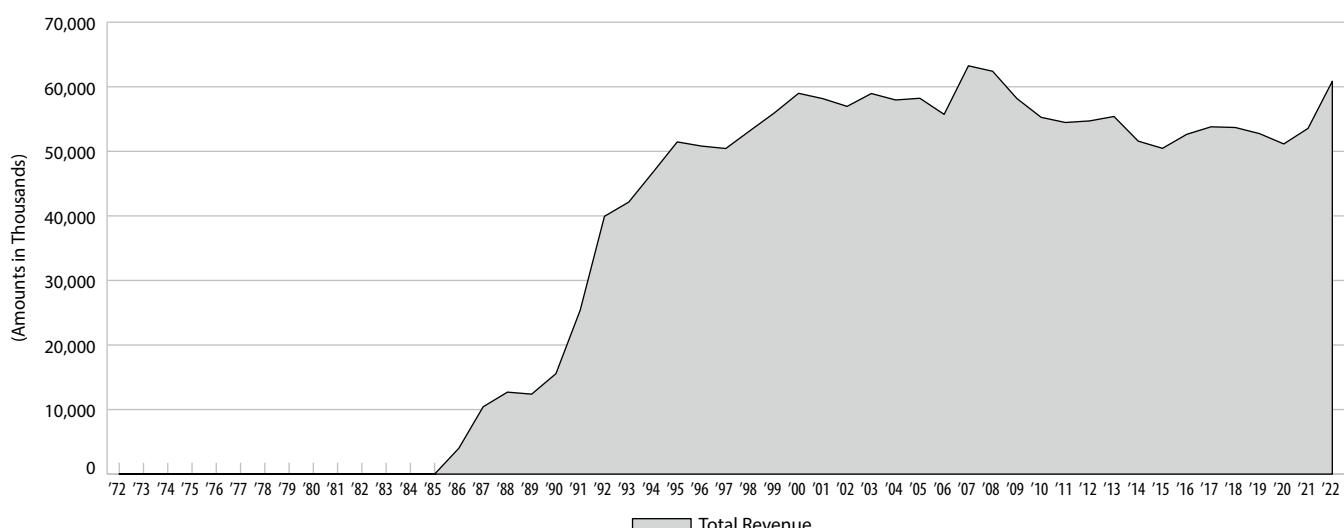
GR Account - Water Resource Management 0153 — On-site Sewage Permit and Wastewater Treatment Fees  
GR Account - Solid Waste Disposal Fees 5000 — Landfill solid waste disposal fees  
GR Account - Oil and Gas Regulation and Cleanup 5155 — Oil and gas waste fees  
Other hazardous and nonhazardous waste disposal fees and penalties:  
GR Account - Waste Management 0549  
GR Account - Hazardous and Solid Waste Remediation Fees 0550  
General Revenue Fund 0001

**WASTE DISPOSAL FACILITIES, GENERATORS & TRANSPORTERS FEES (concluded)**  
**Revenue Object 3592**

**NET COLLECTIONS**  
(Amounts in Thousands)

Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Other Revenue	Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Other Revenue
1972	\$ 0	-	0.00	2000	\$ 58,987	5.4	0.60
1973	0	-	0.00	2001	58,159	(1.4)	0.55
1974	0	-	0.00	2002	56,963	(2.1)	0.53
1975	0	-	0.00	2003	58,954	3.5	0.53
1976	0	-	0.00	2004	57,954	(1.7)	0.47
1977	0	-	0.00	2005	58,220	0.5	0.44
1978	0	-	0.00	2006	55,724	(4.3)	0.39
1979	0	-	0.00	2007	63,247	13.5	0.40
1980	0	-	0.00	2008	62,400	(1.3)	0.32
1981	0	-	0.00	2009	58,177	(6.8)	0.37
1982	0	-	0.00	2010	55,263	(5.0)	0.37
1983	0	-	0.00	2011	54,465	(1.4)	0.32
1984	0	-	0.00	2012	54,713	0.5	0.31
1985	0	-	0.00	2013	55,399	1.3	0.30
1986	4,019	-	0.10	2014	51,577	(6.9)	0.26
1987	10,429	159.5	0.30	2015	50,465	(2.2)	0.24
1988	12,698	21.8	0.36	2016	52,634	4.3	0.23
1989	12,387	(2.5)	0.33	2017	53,797	2.2	0.23
1990	15,562	25.6	0.38	2018	53,692	(0.2)	0.22
1991	25,400	63.2	0.59	2019	52,740	(1.8)	0.20
1992	39,932	57.2	0.74	2020	51,144	(3.0)	0.20
1993	42,137	5.5	0.61	2021	53,560	4.7	0.20
1994	46,763	11.0	0.58	2022	60,852	13.6	0.18
1995	51,459	10.0	0.61				
1996	50,813	(1.3)	0.56				
1997	50,435	(0.7)	0.54				
1998	53,204	5.5	0.58				
1999	55,942	5.1	0.54				

<sup>†</sup> No revenue deposited to trust



Source(s): Glenn Hegar, Texas Comptroller; Texas Commission on Environmental Quality

## **WASTE TREATMENT INSPECTION FEE**

### **Revenue Object 3371**

#### **RATE AND BASE**

<i>State:</i>	Various fees; for each wastewater discharge permit, a water quality fee up to \$100,000; on Sept. 1 each year Texas Commission on Environmental Quality adjusts the maximum fee to reflect the change in the Consumer Price Index, but not exceeding \$150,000 per permit or contract; rates are generally set to cover regulatory costs
<i>Local:</i>	None
<i>Federal:</i>	None
<i>Major Exemptions:</i>	None

#### **ADMINISTRATION**

<i>Agency:</i>	Texas Commission on Environmental Quality (TCEQ)
<i>Number of Taxpayers*:</i>	26,126
<i>Payment Cycle:</i>	Annual renewals
<i>Due Date:</i>	Staggered
<i>Remitted By:</i>	Any person authorized by permit to treat or discharge wastewater and/or stormwater

\*includes those previously remitting filing and copy fees under Revenue object code 3368, re-classified here

#### **LEGAL CITATION(S)**

Texas Water Code, 26.0135, 26.0291(b)(c), 26.040, 26.0461, 26.179(h)

#### **ENACTED**

68th Legislature (1983) Wastewater discharge permit fees set at various rates by TCEQ based on flow volume and not to exceed \$2,000

#### **RATE AND BASE CHANGES**

70th Legislature (1987) Included added parameters for assessing the fee; set the fee at a minimum of \$150 but no more than \$11,000; added fees for processing plans or amendments for protection of Edwards Aquifer; fee must be at least \$100 and may not exceed \$2,000

71st Legislature (1989) Increased maximum annual fee from \$11,000 to \$15,000 upon delegation of the National Pollution Discharge Elimination System (NPDES) program to TCEQ

73rd Legislature (1993) Added fees to cover costs of water sampling/analysis, one-half to water purchaser and one-half to water seller

74th Legislature (1995) Changed maximum annual fee from \$15,000 to \$25,000 upon delegation of NPDES program to TCEQ permit

75th Legislature (1997) Added permit fees authorizing discharge of waste into/adjacent to water; changed fee rate for processing plans/amendments for protection of Edwards Aquifer to maximum \$5,000

77th Legislature (2001) Changed general fee from points-based system to fee up to \$75,000 for each wastewater discharge permit

79th Legislature (2005) Removed fees to cover costs of water sampling/analysis

80th Legislature (2007) Increased maximum fee rate for processing plans/amendments for protection of Edwards Aquifer to \$6,500; added fee up to \$13,000 for water pollution abatement/contributing zone plan for development over 40 acres

#### **ALLOCATION**

General Revenue Fund 0001 — Water quality fees

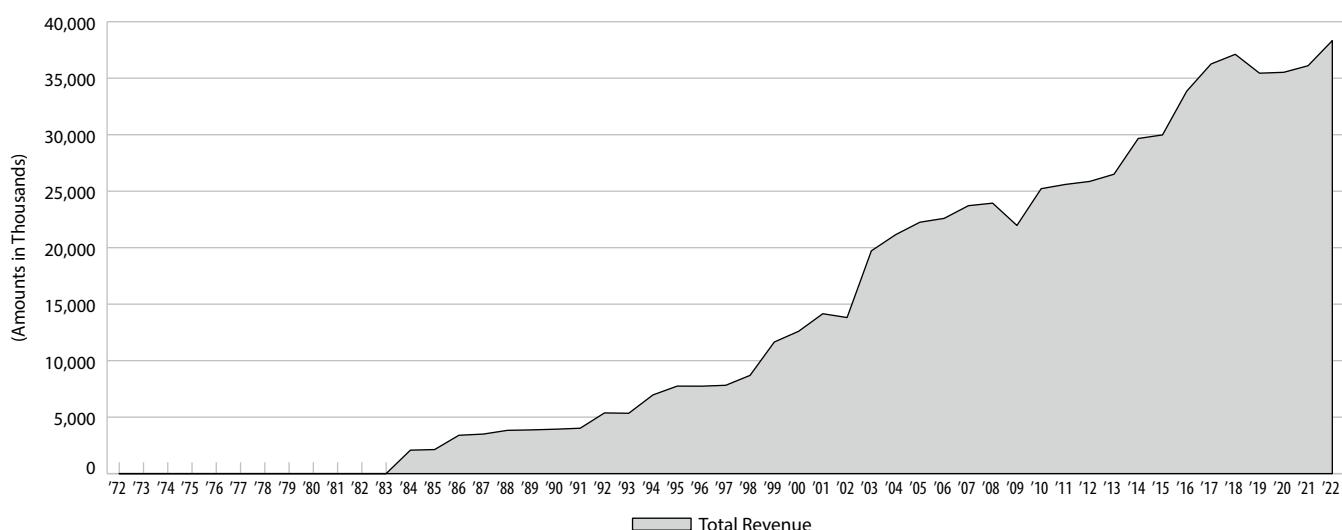
GR Account - Water Resource Management 0153 — All other fees

**WASTE TREATMENT INSPECTION FEE (concluded)**  
**Revenue Object 3371**

**NET COLLECTIONS**  
(Amounts in Thousands)

Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Other Revenue	Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Other Revenue
1972	\$ 0	-	0.00	2000	\$ 12,596	8.1	0.13
1973	0	-	0.00	2001	14,153	12.4	0.13
1974	0	-	0.00	2002	13,815	(2.4)	0.13
1975	0	-	0.00	2003	19,717	42.7	0.18
1976	0	-	0.00	2004	21,150	7.3	0.17
1977	0	-	0.00	2005	22,253	5.2	0.17
1978	0	-	0.00	2006	22,593	1.5	0.16
1979	0	-	0.00	2007	23,716	5.0	0.15
1980	0	-	0.00	2008	23,941	0.9	0.12
1981	0	-	0.00	2009	21,967	(8.2)	0.14
1982	0	-	0.00	2010	25,222	14.8	0.17
1983	0	-	0.00	2011	25,599	1.5	0.15
1984	2,077	-	0.08	2012	25,864	1.0	0.15
1985	2,130	2.5	0.07	2013	26,499	2.5	0.14
1986	3,395	59.4	0.08	2014	29,665	11.9	0.15
1987	3,499	3.1	0.10	2015	29,979	1.1	0.14
1988	3,830	9.4	0.11	2016	33,855	12.9	0.15
1989	3,871	1.1	0.10	2017	36,258	7.1	0.16
1990	3,933	1.6	0.10	2018	37,116	2.4	0.15
1991	4,018	2.2	0.09	2019	35,444	(4.5)	0.13
1992	5,372	33.7	0.10	2020	35,524	0.2	0.14
1993	5,342	(0.6)	0.08	2021	36,106	1.6	0.13
1994	6,969	30.4	0.09	2022	38,330	6.2	0.11
1995	7,747	11.2	0.09				
1996	7,740	(0.1)	0.09				
1997	7,819	1.0	0.08				
1998	8,695	11.2	0.09				
1999	11,648	34.0	0.11				

<sup>†</sup> No revenue deposited to trust



Source(s): Glenn Hegar, Texas Comptroller; Texas Commission on Environmental Quality

**WINE TAX**  
**Revenue Object 3259**

**RATE AND BASE**

<i>State:</i>	Alcohol volume not more than 14% — 20.4 cents per gallon More than 14% alcohol — 40.8 cents per gallon Sparkling wine — 51.6 cents per gallon
<i>Local:</i>	None
<i>Federal:</i>	Alcohol volume not more than 14% — \$1.07 per gallon More than 14% alcohol to under 21% alcohol — \$1.57 per gallon 21% alcohol to not more than 24% alcohol — \$3.15 per gallon Naturally sparkling wine — \$3.40 per gallon Artificially carbonated wine — \$3.30 per gallon Hard cider — \$0.226
<i>Major Exemptions:</i>	Federal military facility sales

**ADMINISTRATION**

<i>Agency:</i>	Texas Alcoholic Beverage Commission
<i>Number of Taxpayers:</i>	2,610
<i>Payment Cycle:</i>	Monthly
<i>Due Date:</i>	15th day of the month for the preceding month
<i>Remitted By:</i>	Wine wholesalers

**LEGAL CITATION(S)**

Texas Alcoholic Beverage Code, § 201.04 (the “Vinous Liquor” tax)

**ENACTED**

44th Legislature (1935)  
Alcohol volume not more than 14% — 2 cents per gallon;  
More than 14% alcohol, but not more than 24% alcohol — 5 cents per gallon;  
More than 24% alcohol — 50 cents per gallon;  
Sparkling wine — 25 cents per gallon

**RATE AND BASE CHANGES**

44th Legislature (1936) more than 14% - 20 cents/gallon; 14% or less - 10 cents/gallon  
52nd Legislature (1951) more than 14% - 22 cents; 14% or less - 11 cents; sparkling wine - 27.5 cents  
56th Legislature (1959) more than 14% - 26.4 cents; 14% or less - 13.2 cents; sparkling wine - 33 cents  
62nd Legislature (1971) more than 14% - 34 cents; 14% or less - 17 cents; sparkling wine - 43 cents  
68th Legislature (1984) more than 14% - 40.8 cents; 14% or less - 20.4 cents; sparkling wine - 51.6 cents (effective Oct. 2, 1984)

**ALLOCATION**

General Revenue Fund 0001 and/or certain Events Trust Funds — 100%

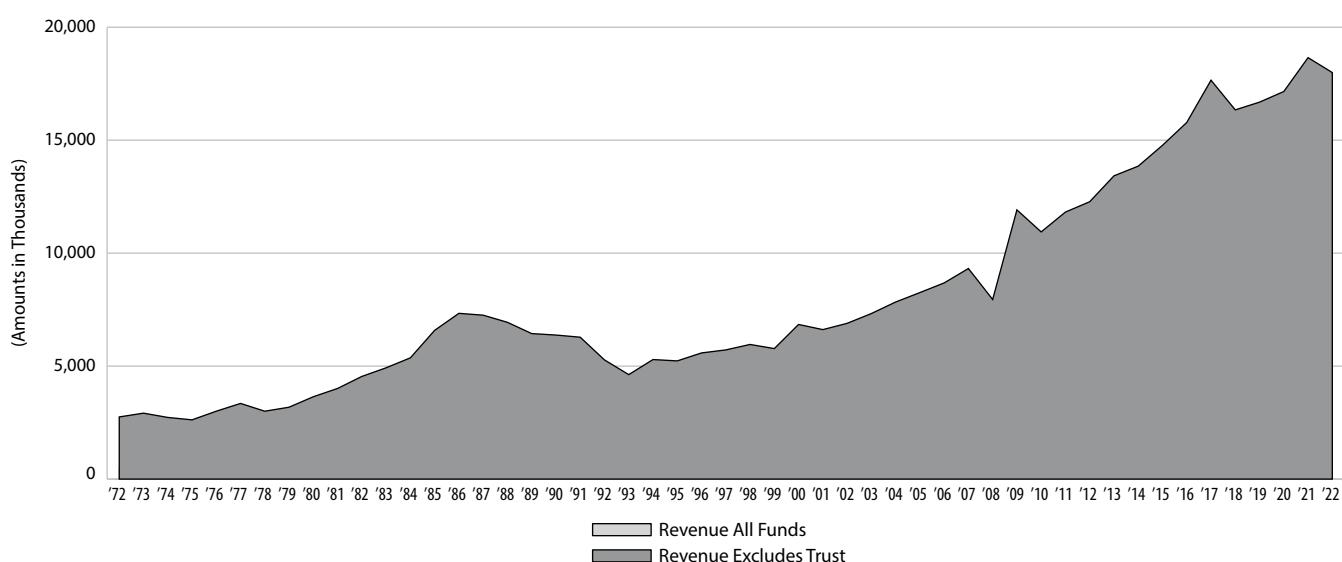
Note: Texas Alcoholic Beverage Code, Sec. 205.03 stipulates how some wine revenue (e.g., the lesser of the amount exceeding what was collected in fiscal 2014 or \$2 million) may be appropriated. Depending on the outcome of computations, this section appropriates various amounts of wine revenue to certain recipients, including: Texas A&M AgriLife Extension Service, Texas Tech University, Grayson County Junior College and the Wine Industry Development Fund 5165

**WINE TAX (concluded)**  
**Revenue Object 3259**

**NET COLLECTIONS**  
(Amounts in Thousands)

Year	Revenue All Funds	Revenue Excludes Trust	Percent Change	Percent of Taxes	Year	Revenue All Funds	Revenue Excludes Trust	Percent Change	Percent of Taxes
1972	\$ 2,751	\$ 2,751	-	0.12	2000	\$ 6,844	\$ 6,844	18.5	0.03
1973	2,918	2,918	6.1	0.11	2001	6,616	6,616	(3.3)	0.02
1974	2,729	2,729	(6.5)	0.09	2002	6,893	6,893	4.2	0.03
1975	2,622	2,622	(3.9)	0.08	2003	7,327	7,327	6.3	0.03
1976	3,005	3,005	14.6	0.08	2004	7,836	7,836	6.9	0.03
1977	3,349	3,349	11.4	0.08	2005	8,255	8,255	5.3	0.03
1978	3,004	3,004	(10.3)	0.06	2006	8,681	8,681	5.2	0.03
1979	3,182	3,182	5.9	0.06	2007	9,320	9,320	7.4	0.03
1980	3,645	3,645	14.6	0.06	2008	7,950	7,950	(14.7)	0.02
1981	4,012	4,012	10.1	0.05	2009	11,915	11,915	49.9	0.03
1982	4,544	4,544	13.2	0.05	2010	10,940	10,940	(8.2)	0.03
1983	4,926	4,926	8.4	0.06	2011 <sup>1</sup>	11,833	11,818	8.0	0.03
1984	5,367	5,367	9.0	0.06	2012	12,286	12,276	3.9	0.03
1985	6,583	6,583	22.7	0.06	2013	13,431	13,421	9.3	0.03
1986	7,336	7,336	11.4	0.07	2014	13,861	13,851	3.2	0.03
1987	7,255	7,255	(1.1)	0.07	2015	14,780	14,772	6.6	0.03
1988	6,939	6,939	(4.4)	0.06	2016	15,827	15,784	6.9	0.03
1989	6,440	6,440	(7.2)	0.05	2017	17,733	17,654	11.8	0.04
1990	6,375	6,375	(1.0)	0.05	2018	16,398	16,341	(7.4)	0.03
1991	6,280	6,280	(1.5)	0.04	2019	16,708	16,683	2.1	0.03
1992	5,275	5,275	(16.0)	0.03	2020	17,255	17,154	2.8	0.03
1993	4,624	4,624	(12.3)	0.03	2021	18,702	18,653	8.7	0.03
1994	5,291	5,291	14.4	0.03	2022	18,079	17,992	(3.5)	0.02
1995	5,231	5,231	(1.1)	0.03					
1996	5,584	5,584	6.7	0.03					
1997	5,717	5,717	2.4	0.03					
1998	5,959	5,959	4.2	0.03					
1999	5,776	5,776	(3.1)	0.02					

<sup>1</sup> Starting in 2011, the Events Trust Fund, Major Events Reimbursement Program Fund (trust), Special Events Trust Fund (repealed), and the Motor Sports Racing Trust Fund started receiving alcoholic beverage taxes



Source(s): Glenn Hegar, Texas Comptroller; Texas Alcoholic Beverage Commission





STATE OF TEXAS  
**SOURCES OF REVENUE**

*A History of State Taxes and Fees 1972-2022*

## Appendices



**APPENDIX A**  
**Tax and Other Revenue Collections**  
**1972-2022**  
**All Funds Excluding Trust**  
**(Amounts in Thousands)**

Fiscal Year	Tax Collections	Percent Change	Percent of Total Revenue	Average Annual Growth Rate	Economic Periods Growth Rates	Other Revenue <sup>1</sup>	Percent Change	Percent of Total Revenue	Average Annual Growth Rate	Economic Periods Growth Rates	Total Revenue <sup>2</sup>
1972	\$2,344,044		82.0			\$514,109		18.0			\$2,858,153
1973	2,583,577	10.2	82.0	10.2		566,781	10.2	18.0	10.2		3,150,358
1974	3,026,048	17.1	81.4	13.6		690,206	21.8	18.6	15.9		3,716,254
1975	3,375,245	11.5	81.2	12.9		781,059	13.2	18.8	15.0		4,156,304
1976	3,913,827	16.0	81.2	13.7		903,314	15.7	18.8	15.1		4,817,141
1977	4,419,882	12.9	80.3	13.5		1,085,237	20.1	19.7	16.1		5,505,118
1978	5,032,274	13.9	80.3	13.6		1,231,318	13.5	19.7	15.7		6,263,592
1979	5,390,313	7.1	80.3	12.6		1,318,885	7.1	19.7	14.4		6,709,198
1980	6,343,785	17.7	78.8	13.3		1,704,348	29.2	21.2	16.2		8,048,133
1981	7,742,033	22.0	78.4	14.2		2,138,531	25.5	21.6	17.2		9,880,564
1982	8,650,026	11.7	78.6	13.9	FY72-FY83	2,354,557	10.1	21.4	16.4	FY72-FY83	11,004,583
1983	8,497,817	(1.8)	79.2	12.4		2,228,660	(5.3)	20.8	14.3	14.3	10,726,477
1984	9,305,839	9.5	78.8	12.2		2,501,127	12.2	21.2	14.1		11,806,966
1985	10,721,208	15.2	78.3	12.4		2,973,968	18.9	21.7	14.5		13,695,176
1986	10,231,670	(4.6)	71.6	11.1		4,057,414	36.4	28.4	15.9		14,289,084
1987	10,266,163	0.3	74.6	10.3		3,496,501	(13.8)	25.4	13.6		13,762,664
1988	12,364,619	20.4	77.8	11.0		3,527,205	0.9	22.2	12.8		15,891,824
1989	12,905,941	4.4	77.7	10.6		3,708,457	5.1	22.3	12.3		16,614,398
1990	13,632,640	5.6	77.1	10.3		4,059,492	9.5	22.9	12.2		17,692,132
1991	14,922,114	9.5	77.6	10.2	FY83-FY92	4,303,577	6.0	22.4	11.8	FY83-FY92	19,225,691
1992	15,848,915	6.2	74.7	10.0	7.2	5,381,726	25.1	25.3	12.5	10.3	21,230,641
1993	17,010,737	7.3	71.0	9.9		6,931,672	28.8	29.0	13.2		23,942,410
1994	18,105,951	6.4	69.2	9.7		8,049,312	16.1	30.8	13.3		26,155,262
1995	18,858,790	4.2	69.1	9.5		8,415,100	4.5	30.9	12.9		27,273,890
1996	19,762,504	4.8	68.5	9.3		9,068,211	7.8	31.5	12.7		28,830,715
1997	21,187,868	7.2	69.4	9.2		9,332,926	2.9	30.6	12.3		30,520,794
1998	22,634,020	6.8	71.0	9.1		9,231,406	(1.1)	29.0	11.7		31,865,426
1999	23,614,611	4.3	69.4	8.9		10,429,433	13.0	30.6	11.8		34,044,044
2000	25,283,769	7.1	72.1	8.9	FY92-FY01	9,763,357	(6.4)	27.9	11.1	FY92-FY01	35,047,125
2001	27,230,212	7.7	72.0	8.8	6.2	10,575,725	8.3	28.0	11.0	7.8	37,805,937
2002	26,279,146	(3.5)	70.9	8.4	FY01-FY03	10,771,454	1.9	29.1	10.7	FY01-FY03	37,050,600
2003	26,126,675	(0.6)	70.0	8.1	-2.0	11,207,595	4.0	30.0	10.5	2.9	37,334,271
2004	27,913,002	6.8	69.5	8.0		12,222,393	9.1	30.5	10.4		40,135,395
2005	29,838,278	6.9	69.4	8.0		13,162,139	7.7	30.6	10.3		43,000,416
2006	33,544,498	12.4	70.3	8.1		14,149,998	7.5	29.7	10.2		47,694,496
2007	36,955,630	10.2	70.0	8.2	FY03-FY08	15,857,609	12.1	30.0	10.3	FY03-FY08	52,813,239
2008	41,357,929	11.9	68.1	8.3	9.6	19,386,769	22.3	31.9	10.6	11.6	60,744,698
2009	37,822,453	(8.5)	70.8	7.8	FY08-FY10	15,603,079	(19.5)	29.2	9.7	FY08-FY10	53,425,532
2010	35,368,901	(6.5)	70.0	7.4	-7.5	15,131,630	(3.0)	30.0	9.3	-11.7	50,500,531
2011	38,856,176	9.9	69.6	7.5		16,984,238	12.2	30.4	9.4		55,840,414
2012	44,079,119	13.4	71.4	7.6		17,660,229	4.0	28.6	9.2		61,739,347
2013	47,781,046	8.4	71.8	7.6		18,731,841	6.1	28.2	9.2		66,512,887
2014	50,992,562	6.7	72.1	7.6		19,683,689	5.1	27.9	9.1		70,676,251
2015	51,683,060	1.4	71.1	7.5		21,044,208	6.9	28.9	9.0		72,727,268
2016	48,476,226	(6.2)	67.5	7.1		23,330,810	10.9	32.5	9.1		71,807,036
2017	49,643,422	2.4	68.2	7.0		23,186,421	(0.6)	31.8	8.8		72,829,842
2018	55,584,775	12.0	69.0	7.1	FY10-19	24,962,276	7.7	31.0	8.8	FY10-19	80,547,051
2019	59,380,722	6.8	69.0	7.3	5.9	26,656,206	6.8	31.0	9.0	6.5	86,036,928
2020	57,379,818	(3.4)	68.8	7.2		26,079,751	(2.2)	31.2	8.9		83,459,569
2021	61,473,483	7.1	69.4	7.4	FY19-22	27,082,875	3.8	30.6	9.0	FY19-22	88,556,358
2022	77,210,744	25.6	69.8	7.9	9.1	33,395,405	23.3	30.2	9.5	7.8	110,606,149

Footnotes:

<sup>1</sup> All non tax revenue excluding federal receipts.<sup>2</sup> Total revenue excluding federal receipts.

Source: Texas Comptroller of Public Accounts

**APPENDIX B**  
**Changes in Major Texas Tax Rates, Fiscal 1930-2022**

Year	Sales Taxes Sales Tax	Sales Taxes Motor Vehicle Sales Tax	Motor Fuels Taxes Gasoline Tax	Motor Fuels Taxes Diesel Fuel Tax	Severance Taxes Oil Production Tax	Severance Taxes Natural Gas Tax	Cigarette Tax
1930	No tax	No tax	4¢/gal	No tax	2% of value	No tax	No tax
1931	"	"	"	"	"	2% of value	3¢/pack
1932	"	"	"	"	"	"	"
1933	"	"	"	"	"	"	"
1934	"	"	"	"	"	"	"
1935	"	"	"	"	"	"	"
1936	"	"	"	"	2.75%	3%	"
1937	"	"	"	"	"	"	"
1938 through 1940: No Changes							
1941	"	1%	"	8¢/gal	4.125%	5.2%	"
1942	"	"	"	"	"	"	"
1943	"	"	"	6¢/gal	"	"	"
1944	"	"	"	"	"	"	"
1945	"	"	"	"	"	"	"
1946 through 1948: No Changes							
1949	"	"	"	"	"	"	"
1950	"	1.1% (t)	"	"	4.53756%	5.72% (t)	4¢/pack
1951	"	1.1%	"	"	4.6%	5.72%	"
1952	"	"	"	"	"	"	"
1953	"	"	"	"	"	"	"
1954	"	"	"	"	"	9%	"
1955	"	"	5¢/gal	6.5¢/gal	"	8%	5¢/pack
1956	"	"	"	"	"	7%	"
1957	"	"	"	"	"	"	"
1958	"	"	"	"	"	"	"
1959	"	1.5%	"	"	"	"	8¢/pack
1960	"	"	"	"	"	"	"
1961	2%	"	"	"	"	"	"
1962	"	"	"	"	"	"	"
1963	"	2%	"	"	"	"	"
1964	"	"	"	"	"	"	"
1965	"	"	"	"	"	"	11¢/pack
1966	"	"	"	"	"	"	"
1967	"	"	"	"	"	"	"
1968	3%	3%	"	"	"	"	"
1969	3.25%	"	"	"	"	7.5%	15.5¢/pack
1970	"	"	"	"	"	"	"
1971	4%	4%	"	"	"	"	18.5¢/pack
1972	"	"	"	"	"	"	"
1973	"	"	"	"	"	"	"
1974	"	"	"	"	"	"	"
1975	"	"	"	"	"	"	"
1976 through 1980: No Changes							
1981	"	"	"	"	"	"	"
1982	"	"	"	"	"	"	"
1983	"	"	"	"	"	"	"
1984	4.125%	5%	10¢/gal	10¢/gal	"	"	19.5¢/pack
1985	"	"	"	"	"	"	20.5¢/pack
1986	5.25% (t)	"	15¢/gal (t)	15¢/gal (t)	"	"	"
1987	6%	6%	15¢/gal	15¢/gal	"	"	26¢/pack
1988	"	"	"	"	"	"	"
1989	"	"	"	"	"	"	"
1990	6.25%	"	"	"	"	"	41¢/pack
1991	"	6.25%	20¢/gal	20¢/gal	"	"	"
1992	"	"	"	"	"	"	"
1993	"	"	"	"	"	"	"
1994	"	"	"	"	"	"	"
1995	"	"	"	"	"	"	"
1996 through 1999: No Changes							
2000	"	"	"	"	"	"	"
2001 through 2006: No Changes							
2007	"	"	"	"	"	"	\$1.41/pack
2008 through 2022: No Changes							

Note: (t) = temporary

Note: The motor fuel tax on liquefied gas was repealed Sept. 1, 2015; no changes to gasoline or diesel fuel tax rates (above).

Note: In 1941, a separate tax on diesel fuel was adopted. During the previous 10 years, diesel may have been taxed, as it could be used to power a vehicle.

**APPENDIX B (continued)**  
**Changes in Major Texas Tax Rates, Fiscal 1930-2022**

Year	Alcoholic Beverage Taxes Mixed Beverage Tax	Alcoholic Beverage Taxes Liquor Tax	Alcoholic Beverage Taxes Mixed Beverage Gross Receipts Tax	Alcoholic Beverage Taxes Mixed Beverage Sales Tax	Franchise Tax Base Rate	Franchise Tax Applicable Surtax	Franchise Tax Total Franchise Tax Rate
1930	No tax	No tax	No tax	No tax	65¢/45¢/35¢/\$1,000 of taxable capital	No surtax	65¢/45¢/35¢/\$1,000 of taxable capital
1931	"	"	"	"	"	"	"
1932	"	"	"	"	"	"	"
1933	\$1.50/bbl	"	"	"	"	"	"
1934	"	"	"	"	"	"	"
1935	\$1.24/bbl	\$0.80/gal	"	"	"	"	"
1936	"	\$0.96/gal	"	"	"	"	"
1937	"	"	"	"	"	"	"
1938 through 1940: No Changes							
1941	"	\$1.28/gal	"	"	"	"	"
1942	"	"	"	"	\$1/\$1,000	"	\$1/\$1,000
1943	"	"	"	"	"	"	"
1944	"	"	"	"	"	"	"
1945	"	"	"	"	"	"	"
1946 through 1948: No Changes							
1949	"	"	"	"	"	\$0.10/\$1,000	\$1.10/\$1,000
1950	\$1.364/bbl (t)	\$1.408/gal (t)	"	"	\$1.25/\$1,000	No surtax	\$1.25/\$1,000
1951	\$1.37/bbl	\$1.408/gal	"	"	"	"	"
1952	"	"	"	"	"	"	"
1953	"	"	"	"	"	"	"
1954	\$2/bbl	"	"	"	\$2/\$1,000	"	\$2/\$1,000
1955	\$4.30/bbl	"	"	"	\$2.25/\$1,000	"	\$2.25/\$1,000
1956	"	"	"	"	"	"	"
1957	"	"	"	"	"	"	"
1958	"	"	"	"	"	"	"
1959	"	\$1.68/gal	"	"	"	"	"
1960	"	"	"	"	"	\$0.75/\$1,000	\$3/\$1,000
1961	"	"	"	"	"	\$0.50/\$1,000	\$2.75/\$1,000
1962	"	"	"	"	"	"	"
1963	"	"	"	"	"	"	"
1964	"	"	"	"	"	"	"
1965	"	"	"	"	"	No surtax	"
1966	"	"	"	"	"	"	"
1967	"	"	"	"	"	"	"
1968	"	"	"	"	"	"	"
1969	"	"	"	"	\$2.75/\$1,000	\$0.50/\$1,000	\$3.25/\$1,000
1970	"	"	"	"	"	"	"
1971	\$5/bbl	\$2/gal	10%	"	"	\$1.75/\$1,000	\$4.50/\$1,000
1972	"	"	"	"	"	\$1.50/\$1,000	\$4.25/\$1,000
1973	"	"	"	"	"	"	"
1974	"	"	"	"	"	"	"
1975	"	"	"	"	\$4.25/\$1,000	No surtax	"
1976 through 1980: No Changes							
1981	"	"	"	"	"	"	"
1982	"	"	"	"	"	"	"
1983	"	"	"	"	"	"	"
1984	\$6/bbl	\$2.40/gal	12%	"	\$5.25/\$1,000	"	\$5.25/\$1,000
1985	"	"	"	"	"	"	"
1986	"	"	"	"	"	"	"
1987	"	"	"	"	"	"	"
1988	"	"	"	"	"	\$1.45/\$1,000	\$6.70/\$1,000
1989	"	"	"	"	"	"	"
1990	"	"	14%	"	"	No surtax	\$5.25/\$1,000
1991	"	"	"	"	"	"	"
1992	"	"	"	"	\$2.50/\$1,000 or	"	\$2.50/\$1,000 or
1993	"	"	"	"	4.5% of earned surplus	"	4.5% of earned surplus
1994	"	"	"	"	"	"	"
1995	"	"	"	"	"	"	"
1996 through 1999: No Changes							
2000	"	"	"	"	"	"	"
2001 through 2006: No Changes							
2007	"	"	"	"	"	"	"
2008	"	"	"	"	1% of taxable margin; 0.5% for taxpayers in wholesale & retail trade	No surtax	1% of taxable margin; 0.5% for taxpayers in wholesale & retail trade
2009 through 2013: No Changes							

**APPENDIX B (continued)**  
**Changes in Major Texas Tax Rates, Fiscal 1930-2022**

Year	Alcoholic Beverage Taxes Mixed Beverage Tax	Alcoholic Beverage Taxes Liquor Tax	Alcoholic Beverage Taxes Mixed Beverage Gross Receipts Tax	Alcoholic Beverage Taxes Mixed Beverage Sales Tax	Franchise Tax Base Rate	Franchise Tax Applicable Surtax	Franchise Tax Total Franchise Tax Rate
2014	"	"	6.7%	8.25%	0.975% of taxable margin; 0.4875% for taxpayers in wholesale & retail trade	"	0.975% of taxable margin; 0.4875% for taxpayers in wholesale & retail trade
2015	"	"	"	"	0.95% of taxable margin; 0.475% for taxpayers in wholesale & retail trade	"	0.95% of taxable margin; 0.475% for taxpayers in wholesale & retail trade
2016	"	"	"	"	0.75% of taxable margin; 0.375% for taxpayers in wholesale & retail trade	"	0.75% of taxable margin; 0.375% for taxpayers in wholesale & retail trade
2017 through 2022: No Changes							

Note: (t) = temporary

Note: The airline/passenger train beverage tax was repealed Sept. 1, 2015; no change to alcoholic beverage tax rates (above).

**APPENDIX B (concluded)**  
**Changes in Major Texas Tax Rates, Fiscal 1930-2022**

Year	Gas, Electric & Water Utility Tax Cities with 1,001 to 2,499 Population	Gas, Electric & Water Utility Tax Cities with 2,500 to 9,999 Population	Gas, Electric & Water Utility Tax Cities with over 9,999 Population	Insurance Premium Taxes Property and Casualty Texas-Based	Insurance Premium Taxes Property and Casualty Out-of-State	Insurance Premium Taxes Life, Accident & Health Texas-Based	Insurance Premium Taxes Life, Accident & Health Out-of-State
1930	No tax	0.5% of receipts	1% of receipts	0.5-2.6%	0.5-2.6%	No tax	1.5-3%
1931	"	"	"	"	"	"	"
1932	"	"	"	"	"	"	"
1933	"	"	"	"	"	"	"
1934	"	"	"	"	"	"	"
1935	"	"	"	"	"	"	"
1936	"	0.7%	1.375%	0.625-3.25%	0.625-3.25%	0.5%	2.5-3.75%
1937	"	"	"	"	0.5 - 3.25%	"	"
1938 through 1940: No Changes							
1941	0.44% of receipts	0.81%	1.5125%	0.75-4.05%	0.5-4.05%	0.625%	3.1-4.65%
1942	"	"	"	"	"	"	"
1943	"	"	"	"	"	"	"
1944	"	"	"	"	"	"	"
1945	"	"	"	1.0-3.5%	1.0-3.5%	0.95-3.5%	0.95-3.5%
1946 through 1948: No Changes							
1949	"	"	"	"	"	1%	1.75-3%
1950	0.484% (t)	0.891% (t)	1.66375% (t)	"	"	"	"
1951	0.484%	0.891%	1.66375%	1.1-3.85%	1.1-3.85%	1.1%	"
1952	"	"	"	"	"	"	"
1953	"	"	"	"	"	"	"
1954	"	"	"	"	"	"	"
1955	"	"	"	"	"	"	"
1956	"	"	"	"	"	"	"
1957	"	"	"	"	"	"	"
1958	"	"	"	"	"	"	"
1959	0.581%	1.07%	1.997%	"	"	"	"
1960	"	"	"	"	"	"	"
1961	"	"	"	"	"	"	"
1962	"	"	"	"	"	"	"
1963	"	"	"	"	"	"	"
1964	"	"	"	"	"	"	"
1965	"	"	"	"	"	"	"
1966	"	"	"	"	"	"	"
1967	"	"	"	"	"	"	"
1968	"	"	"	"	"	"	"
1969	"	"	"	"	"	"	"
1970	"	"	"	"	"	"	"
1971	"	"	"	"	"	"	"
1972	"	"	"	"	"	"	"
1973	"	"	"	"	"	"	"
1974	"	"	"	"	"	"	"
1975	"	"	"	"	"	"	"
1976 through 1980: No Changes							
1981	"	"	"	1.2-3.5%	1.2-3.5%	"	"
1982	"	"	"	"	"	"	"
1983	"	"	"	"	"	"	1.925-3.3%
1984	"	"	"	"	"	1.1-2.5%	1.1-2.5%
1985	"	"	"	"	"	"	"
1986	"	"	"	"	"	"	"
1987	"	"	"	"	"	"	"
1988	"	"	"	"	"	"	"
1989	"	"	"	1.6-3.5%	1.6-3.5%	"	"
1990	"	"	"	"	"	1.3-2.4%	1.3-2.4%
1991	"	"	"	"	"	1.4-2.3%	1.4-2.3%
1992	"	"	"	"	"	1.5-2.2%	1.5-2.2%
1993	"	"	"	"	"	1.6-2.1%	1.6-2.1%
1994	"	"	"	"	"	1.7-2%	1.7-2%
1995	"	"	"	"	"	1.75%	1.75%
1996 through 1999: No Changes							
2000	"	"	"	1.6%	1.6%	"	"
2001 through 2022: No Changes							

Note: (t) = temporary

**APPENDIX C**  
**Summary of Legislative Changes to the**  
**Texas Sales and Use Tax Rate and Base**

**1961 The 57th Legislature, First Called Session**

Enacted the Texas Limited Sales, Excise, and Use Tax Act and imposed a 2% tax on all retail sales of tangible personal property, except those specifically exempted. Effective Sept. 1, 1961.

**1963 The 58th Legislature, Regular Session**

Reenacted the Limited Sales, Excise, and Use Tax Act to add amendments that clarified and simplified administration of the tax. Authorized direct payment procedures. Effective July 1, 1963.

**1967 The 60th Legislature, Regular Session**

Enacted the Local Sales and Use Tax Act and authorized cities to impose a 1% local tax on all retail sales of tangible personal property taxed under the state Sales and Use tax. Effective Jan. 1, 1968.

Provided exemptions for sales of certain casing and drill pipe. Effective July 1, 1967.

**1968 The 60th Legislature, First Called Session**

Increased the state Sales and Use tax rate on retail sales to 3%. Effective Oct. 2, 1968.

**1969 The 61st Legislature, Regular Session**

Restored in the Tax Code the definitions for contractor and repairman, which were inadvertently omitted by the 60th Legislature, First Called Session. Effective June 10, 1969.

**1969 The 61st Legislature, Second Called Session**

Increased the state Sales and Use tax rate to 3.25%. Made beer and wine subject to the Sales and Use tax. Effective Oct. 1, 1969.

**1971 The 62nd Legislature, Regular Session**

Increased the state Sales and Use tax rate to 4%. Effective July 1, 1971.

Exempted the leasing or licensing of motion picture films to licensed television stations. Effective Feb. 5, 1971.

Exempted certain commercial vessels of 50 tons or more displacement. Effective Aug. 30, 1971.

**1971 The 62nd Legislature, First Called Session**

Exempted the sale, preparation or serving of mixed beverages, ice or nonalcoholic beverages taxed under the Texas Liquor Control Act. Effective June 8, 1971.

**1973 The 63rd Legislature, Regular Session**

No longer required beer distributors to secure resale certificates. Effective May 18, 1973.

Required delinquent taxpayers and new permit holders to post bond to ensure payment of taxes. Effective Jan. 1, 1974.

**APPENDIX C (continued)**  
**Summary of Legislative Changes to the**  
**Texas Sales and Use Tax Rate and Base**

Required taxpayers collecting in excess of \$750 per month in Sales and Use taxes to file tax returns and make payments monthly. Effective Sept. 1, 1974.

Exempted volunteer fire departments. Effective Aug. 27, 1973.

**1975 The 64th Legislature, Regular Session**

Exempted certain agricultural machinery and equipment. Effective Sept. 1, 1975.

Excluded from the definition of "sales price" voluntary tips and gratuities. Effective April 30, 1975.

Exempted component parts for newspapers. Effective Sept. 1, 1975.

Exempted food sales by Parent-Teacher Associations and by youth athletic organization members aged 18 years old or younger. Effective Sept. 1, 1975.

Exempted solar energy devices, bicentennial organizations, aircraft used for flight instruction and vessels of 8 tons or more displacement used exclusively for commercial purposes. Effective Sept. 1, 1975.

Excluded excise tax on tires and fishing equipment from the definition of "sales price." Effective Sept. 1, 1975.

**1977 The 65th Legislature, Regular Session**

Excluded from the definition of "sales price" mandatory gratuities disbursed to qualified employees. Effective April 25, 1977.

Authorized exempt religious, educational or charitable organizations to hold a single one-day, tax-free sale or auction during each calendar year. Effective May 24, 1977.

Exempted the leasing or licensing of motion picture films by theaters and television stations. Effective June 10, 1977.

Authorized retailers to seek a refund or credit for Sales and Use tax paid on an account subsequently charged off for federal income tax purposes as a bad debt. Effective June 15, 1977.

Exempted organizations qualifying for exemption from income tax under Internal Revenue Code Section 501(c)(3). Effective Aug. 29, 1977.

Exempted film, tapes, photographs and other materials used in broadcasting operations by radio and television stations. Effective Aug. 29, 1977.

Exempted newspapers and semi-annual or longer subscriptions to magazines. Effective Aug. 29, 1977.

Exempted syringes and hypodermic needles. Effective Aug. 29, 1977.

Added emergency medical services to the exemption provided for volunteer fire departments. Effective Aug. 29, 1977.

Required liquor permit holders to obtain a certificate of good standing from the Texas Comptroller of Public Accounts whenever a new permit is granted or an existing permit is renewed by the Texas Alcoholic Beverage Commission. Effective Aug. 29, 1977.

Eliminated the requirement that a resale certificate be issued by a licensed beverage retailer to a licensed wholesaler or local distributor on purchases of liquor and wine. Originally, only beer or malt liquor could be purchased without a resale certificate. Effective Aug. 29, 1977.

**APPENDIX C (continued)**  
**Summary of Legislative Changes to the**  
**Texas Sales and Use Tax Rate and Base**

**1978 The 65th Legislature, Second Called Session**

Repealed the state and local taxes on the residential use of natural gas and electricity. Provided cities the option of continuing the 1% city tax on residential use of natural gas and electricity. Effective Oct. 1, 1978.

**1979 The 66th Legislature, Regular Session**

Clarified the procedure for collecting and reporting city tax. Added a new requirement that retailers located outside taxing cities assume the same responsibilities as out-of-state retailers to collect and report the city use tax. Effective June 13, 1979.

Exempted special printing or signaling equipment used by the deaf for communication through a telephone. Effective Aug. 27, 1979.

Repealed Article 20.10 concerning overpayments and refunds and transferred the language into Chapter 111 so that the same procedures govern all taxes. Effective Aug. 27, 1979.

Raised the interest rate charged by the state on delinquent taxes to 7%. Effective Jan. 1, 1980.

**1981 The 67th Legislature, Regular Session**

Repealed Chapter 20, Title 122A, and adopted Title 2 of the Tax Code, a nonsubstantive revision of the Sales and Use tax law. Chapter 20 became Subtitle E, Chapter 151. Effective Jan. 1, 1982.

Taxed items purchased under resale or exemption certificates and put to personal use on the rental value for the time used, not on the original purchase price of the item. Effective July 1, 1981.

Effective July 1, 1981, required the following charges to be separately stated to the customer in order to be excluded from the taxable sales price of an item:

- Gratuities.
- Cash discounts.
- Trade-ins.
- Repair charges.
- Installation charges.
- Returned merchandise.
- Finance and credit charges.
- Transportation, carrying or service charges.
- Federal excise tax on tires and fishing equipment.

Exempted all therapeutic equipment prescribed for an individual by a doctor. Effective Oct. 1, 1981.

Required all taxpayers who owe more than \$1,500 in sales and use tax a month to file monthly returns. Effective Jan. 1, 1982.

Exempted shipments outside a metropolitan transit authority (MTA) from the MTA sales tax. If a retailer located in an MTA ships items to a customer outside the MTA, the MTA sales tax does not apply. MTA use tax is due if the item is shipped into another authority. Effective Aug. 31, 1981.

**APPENDIX C (continued)**  
**Summary of Legislative Changes to the**  
**Texas Sales and Use Tax Rate and Base**

Exempted purchases by certain civic, fraternal and veteran organizations qualifying for exemption from federal income tax under Internal Revenue Code Sections 501(c)(4), (c)(8), (c)(10) or (c)(19). Effective June 16, 1981.

Exempted purchases by nonprofit chambers of commerce. Effective June 16, 1981.

Exempted sales of handicrafts by senior citizen organizations. Effective June 16, 1981.

Required retailers to report interest charges on Sales and Use tax. If a "cash basis" seller charged interest on tax, part of the interest charges must be paid to the state. Effective Jan. 1, 1982.

Raised the interest rate on delinquent taxes to 10%. Allowed the state to pay 10% interest on refund claims. Effective Jan. 1, 1982.

**1983 The 68th Legislature, Regular Session**

Changed the due date for Sales and Use tax returns to the 20th day of the month following the end of a reporting period. Effective Oct. 1, 1983.

Required all taxpayers owing more than \$1,500 in sales and use tax a quarter to file monthly returns. Effective Oct. 1, 1983.

Reduced the prepayment discount to 1.25% and required a prepayment estimate to be at least 90% of the amount of tax due for the reporting period or that amount of tax due in the same reporting period of the preceding year. Effective Oct. 1, 1983.

Required all direct payment permit holders to file monthly direct payment returns on or before the 20th day of the month following the end of the reporting period. Effective Oct. 1, 1983.

Required applicants for a direct payment permit to purchase at least \$800,000 a year in taxable items in order to qualify for a permit. Effective May 24, 1983.

Repealed the provision that allowed certain manufacturers to file annual returns. Effective Oct. 1, 1983.

Limited the exemption for solar energy devices to site-built solar energy devices and those that meet the rating and certification standards set by the Public Utility Commission of Texas. Effective Aug. 29, 1983.

Exempted bins used to transport fruit or vegetables from the field to the location where the items are processed, packaged or marketed. Effective Aug. 29, 1983.

Exempted the sale of gold, silver or numismatic coins or platinum, gold or silver bullion when the sales price of the transaction equals \$10,000 or more. Effective Sept. 1, 1983.

Exempted certain equipment used by the blind to enable them to function more independently. Effective Sept. 1, 1983.

Exempted certain sales to or by Indian tribes that have a reservation in Texas. Effective Sept. 1, 1983.

Exempted purchases by nonprofit convention and tourist promotional agencies. Effective Sept. 1, 1983.

Exempted publications distributed by licensed and certified carriers to customers traveling on the carrier. Effective Aug. 29, 1983.

Exempted certain purchases by Texas Hospital Equipment Financing Councils. Effective Aug. 29, 1983.

Exempted certain materials and equipment used by qualified businesses in a Texas Enterprise Zone and allowed cities to refund city sales tax paid by qualified businesses in a Texas Enterprise Zone. Effective Sept. 1, 1983.

**APPENDIX C (continued)**  
**Summary of Legislative Changes to the**  
**Texas Sales and Use Tax Rate and Base**

**1984 The 68th Legislature, Second Called Session**

*(All changes effective Oct. 2, 1984)*

Increased the state Sales and Use tax rate to 4.125%.

Taxed certain services, including amusement services, cable television services, personal services, motor vehicle parking and storage services, plus the repair, remodeling, maintenance and restoration of certain tangible personal property.

Excluded from tax the labor to repair, remodel, maintain and restore aircraft and commercial vessels, plus the repair, maintenance and restoration of motor vehicles.

Exempted the sale of a taxable service for resale.

Exempted services performed on an exempt item of tangible personal property or for an exempt entity, performed directly on a product being manufactured for sale for the purpose of making the product more marketable, or performed by an employee for that employee's employer in the regular course of the employee's regularly compensated duties.

Exempted repair, remodeling, maintenance or restoration services performed on tangible personal property if the services are required by law to protect the environment or to conserve energy.

Exempted amusement and personal services provided through coin-operated machines that are operated by the consumer.

Exempted amusement services provided by governmental entities and certain nonprofit organizations.

Taxed tangible personal property used by a contractor in performing a contract to improve realty for the federal government.

Provided a prior-contract exemption for taxable services, contracts to improve realty for the federal government and the increase in the state tax rate.

Taxed cigarettes, cigars and tobacco products under the Sales and Use tax as well as under the existing tobacco taxes.

Taxed canned computer programs and exempted custom computer programs.

Taxed all food sold ready for immediate consumption through a vending machine for 17 cents or more.

Taxed newspapers sold by individual copy or by subscription.

Taxed magazines sold by individual copy or by subscription.

Deleted the "segregation of tangible personal property" from the definition of "sale."

Taxed charges for transportation occurring before the transfer of title or possession of tangible personal property.

Made resale and exemption certificates the only acceptable proof of resale or exemption. Required a seller to obtain a certificate at the time the transaction occurs or within 60 days from the date the Comptroller's office requires the seller to produce the certificates. If not obtained within the 60 days, the seller's deduction is disallowed.

Required a lessor to collect Sales and Use tax on the entire sale price, including all lease payments, of a financing lease at the time the lessee takes possession of the property or when the first payment is due, whichever is earlier.

**APPENDIX C (continued)**  
**Summary of Legislative Changes to the**  
**Texas Sales and Use Tax Rate and Base**

Excluded rentals and leases from the occasional sale exemption. Prohibited a person who holds a permit issued under Chapter 151 from making an occasional sale under Section 151.304(b)(1). Added an occasional sale exemption for certain sales of amusement services.

Limited the six-month useful life exemption to machinery, equipment, replacement parts or accessories that are entirely consumed or without value within six months after the date purchased new. Excluded taxable items that are rented or leased to a manufacturer from the manufacturing exemption.

Limited the exemption for fertilizer to that used on a farm or ranch in the production of an agricultural product held for sale.

Exempted the master tape of an audio or audiovisual work that is used to manufacture copies of the work.

Exempted certain flight simulators used exclusively for flight training in a licensed course of instruction.

**1985 The 69th Legislature, Regular Session**

Taxed certain telecommunications services. Effective Oct. 1, 1985. Permitted cities and metropolitan transit authorities to impose city and MTA tax on intrastate telecommunications services. Effective Oct. 1, 1987.

Provided stricter requirements for proof of export for items purchased in Texas and exported outside the U.S. Effective Aug. 26, 1985.

Repealed the use tax exemption for tangible personal property acquired outside Texas and moved into Texas for use as a licensed and certificated carrier of persons or property (Section 151.330(c)). Effective Oct. 1, 1985.

Added a provision allocating the city and MTA tax due on amusement services to the city or MTA in which the event takes place. Effective Aug. 26, 1985.

Exempted gold and silver medallions designated as official sesquicentennial commemorative medallions by the Texas 1986 Sesquicentennial Commission. Effective Aug. 26, 1985.

Amended the exemption for certain sales to or by Indian tribes to include the Kickapoo Indians. Effective Sept. 1, 1985.

Allowed taxpayers to voluntarily contribute all or part of the timely filing discount earned on the Sales and Use tax return to a fund for student financial assistance grants. Effective June 14, 1985.

Made divergent use of tangible personal property purchased under a resale certificate subject to local sales tax rather than use tax. Effective Aug. 26, 1985.

Transferred the language concerning the required date payment and the additional 10% penalty assessed under a deficiency determination to the General Provisions, Section 111.0081, and changed the date payment as required. Effective Aug. 26, 1985.

Exempted tangible personal property used by a contractor in performing a contract for the improvement of realty for the U.S. Department of Defense in connection with a significant new naval military facility. Effective July 30, 1985.

Granted the Comptroller's office the authority to refuse to issue or renew any permit or license to a person who is delinquent in any tax collected by the Comptroller's office, Section 111.0046. Effective April 30, 1985.

**1986 The 69th Legislature, Second Called Session**

Repealed the provision requiring the state to pay interest on refunds of state tax overpayments. Effective Dec. 4, 1986.

**APPENDIX C (continued)**  
**Summary of Legislative Changes to the**  
**Texas Sales and Use Tax Rate and Base**

Credited to the General Revenue Fund interest earned on local taxes collected by the state and held in financial institutions before distribution to the local governments. The change in the law applied to interest earned before or after the clarifying amendment. Effective Sept. 7, 1986.

**1986 The 69th Legislature, Third Called Session**

Until Aug. 31, 1987, increased the state Sales and Use tax rate to 5.25%, with the rate reverting to 4.125% on Sept. 1, 1987. Effective Jan. 1, 1987. (*Note: The rate did not revert in 1987. Instead, the rate was raised on Oct. 1, 1987, to 6%.*)

Provided a prior-contract exemption from the increase in the state tax rate. The exemption expired on Sept. 30, 1987. Effective Jan. 1, 1987.

Enacted the County Sales and Use Tax Act authorizing qualifying counties to impose a tax at a rate of 0.5%, or 1% if no incorporated city exists within the county. Revenues must be used to reduce property taxes. Effective Jan. 1, 1987.

Provided for an additional 0.5% city tax to be imposed by cities for property tax relief. Effective Jan. 1, 1987.

Provided for an additional 0.25% or 0.5% sales and use tax to be imposed by qualifying cities to fund a metropolitan transit department. Effective Jan. 1, 1987.

**1987 The 70th Legislature, Regular Session**

Provided a prior-contract exemption for the county sales and use tax, the additional city sales and use tax, and the metropolitan transit department sales and use tax. The exemption expires three years after the effective date of the imposition of the local tax option. Effective April 2, 1987.

Allowed cities that do not impose a property tax to adopt the additional 0.5% city sales and use tax. Effective April 2, 1987.

Provided for refunds for Sales and Use taxes paid by enterprise projects on certain items. Effective Aug. 31, 1987.

**1987 The 70th Legislature, Second Called Session**

*(All changes effective Oct. 1, 1987, unless otherwise indicated)*

Increased the state Sales and Use tax rate to 6%.

Provided a prior-contract exemption from the increase in the state tax rate. Effective July 21, 1987. The exemption expired on July 1, 1990. Provided a separate prior-contract exemption for services added to the tax base, also effective July 21, 1987. This exemption expired on Jan. 1, 1990.

Added the following services to the tax base: credit reporting services, debt collection services, insurance services, information services, real property services and security services.

Added data processing services and real property repair and remodeling services to the tax base. Effective Jan. 1, 1988.

Added for-profit country clubs to amusement services.

Provided that food sales through a vending machine are taxable at 50% of total gross receipts, except soft drinks and candy, which are taxable at 100% of total gross receipts.

Made taxable transportation both before and after the sale of a taxable item by deleting references to "transportation after the sale" from the exclusion from the definition of "sales price" in Section 151.007(c).

**APPENDIX C (continued)**  
**Summary of Legislative Changes to the**  
**Texas Sales and Use Tax Rate and Base**

Taxed repair and remodeling labor in the same way.

Taxed charges for installation of tangible personal property in connection with the sale of the property, whether or not the charges were separately stated from the charge for the property.

Exempted newspapers and the sale of magazines sold on subscription for a semi-annual or longer period.

Imposed a \$25 fee for Sales and Use tax permits and renewals.

Expanded the definition of “engaged in business” in Texas.

Added a definition of repair services.

Exempted ice used by commercial fishing boats.

Exempted newly taxable service transactions among affiliated entities.

Exempted lawn and yard services performed by persons younger than 18 years of age.

Exempted cooperative research and development ventures.

Provided a phased-in tax refund or reduced tax rate for certain equipment with a useful life in excess of six months and used in manufacturing. The tax refund began with property purchased in 1991.

Repealed the following exemptions:

- |                    |   |
|--------------------|---|
| Sec. 151.011       | Deleted the definition that allowed tangible personal property purchased in Texas under a resale or exemption certificate to be taken out of state without Texas tax being due. |
| Sec. 151.0032      | Custom computer programs.   |
| Sec. 151.028       | Federal excise tax information.   |
| Sec. 151.056       | Deleted references to repairman.  |
| Sec. 151.151       | “Unable to ascertain” language deleted from section on who may issue a resale certificate.  |
| Sec. 151.305       | Coin-operated machine sales.  |
| Sec. 151.314(d)    | Food and drink served by common carriers.   |
| Sec. 151.317(c)(2) | Restaurants and others preparing and storing food ready for immediate consumption.  |
| Sec. 151.323       | Basic local exchange service and telephone cooperatives.  |
| Sec. 151.325       | Solar energy devices.   |
| Sec. 151.326       | Broadcasting stations.  |
| Sec. 151.3261      | Original visual or audiovisual materials.   |
| Sec. 151.327       | Motion picture films.   |
| Sec. 151.330(b)    | Sales to common carriers.   |
| Sec. 151.330(e)    | Repair parts for common carriers.   |
| Sec. 151.333       | Equipment used in enterprise zones.   |
| Sec. 151.334       | Lone Star medallions.   |
| Sec. 151.336       | Certain coins and precious metals.  |

**APPENDIX C (continued)****Summary of Legislative Changes to the  
Texas Sales and Use Tax Rate and Base****1989 The 71st Legislature, Regular Session**

Accelerated the effective date of the phased-in tax refund for certain manufacturing machinery and equipment with a useful life of more than six months. Provided an exemption for pollution control equipment. Effective Aug. 28, 1989.

Provided an exemption for purchases by certain cooperative research and development ventures (MCC and Sematech of Austin). Effective Aug. 28, 1989.

Provided special export procedures for maquiladora enterprises. Effective June 14, 1989.

Provided an exemption for temporary help services. Effective Oct. 1, 1989.

Provided an exclusion from the definition of taxable services for the creation of computer software and for the maintenance and repair of software owned by a third party. (Exempted contract programmers already exempt by rule.) Effective Oct. 1, 1989.

Provided an exemption for sales of certain items through coin-operated bulk vending machines for 25 cents or less. Effective Oct. 1, 1989.

Granted an exemption for amusement services provided in a place designated as a Recorded Texas Historic Landmark by the Texas Historical Commission or included in the National Register of Historic Places. Effective Oct. 1, 1989.

Added provisions for nonresidents (mail-order firms) to collect use tax and a formula for allocation of local tax. Effective on the first day of the first month following the effective date of the federal legislation, if and when passed.

Reinstated the "storage and use" exclusion to Section 151.011. Effective Oct. 1, 1989.

Provided an exemption for lawn care services provided by certain individuals 65 years and older. Effective Oct. 1, 1989.

Provided an exemption for component parts, machinery, tools, and equipment used or consumed in retrofitting or repairing jet aircraft engines. This exemption is subject to the phased-in refund provisions for items purchased beginning in 1990. Effective Aug. 28, 1989. A separate exemption was provided for these same items used in repair, remodeling, or maintenance of aircraft for or by a licensed or certificated carrier. Effective Sept. 1, 1989.

Provided an exemption for the sale of platinum, gold, silver or numismatic coins or platinum, gold or silver bullions in a transaction of \$1,000 or more. Effective Aug. 28, 1989.

Provided for a one-time refund of Sales and Use taxes paid by certified businesses in enterprise zones, not to exceed \$5,000 per business. Effective Sept. 1, 1991.

Expanded the exemption for writings and periodicals of religious organizations to include writings published by philanthropic, charitable, historical, scientific and similar organizations. Effective Aug. 28, 1989.

Allowed the San Saba Hospital District, the Parker County Hospital District, and county crime control and prevention districts to impose local tax if approved by voters. Effective Aug. 28, 1989, for the two hospital districts; June 14, 1989, for crime control and prevention districts.

Allowed cities to impose local tax to benefit certain industrial development corporations. Effective Jan. 1, 1990.

**APPENDIX C (continued)**  
**Summary of Legislative Changes to the**  
**Texas Sales and Use Tax Rate and Base**

**1989 The 71st Legislature, First Called Session**

Allowed all hospital districts to impose local tax if approved by voters. Effective Sept. 1, 1989.

**1990 The 71st Legislature, Sixth Called Session**

Increased the state Sales and Use tax rate to 6.25% from 6%. Provided a prior-contract exemption. Effective July 1, 1990.

**1991 The 72nd Legislature, Regular Session**

Provided motor vehicle repairers operating under separated contracts a resale exemption for consumable supplies resold to customers. Effective Oct. 1, 1991.

Established June 30, 1993, as the expiration date for the prior-contract exemption on the 6.25% rate increase.

Provided a Sales and Use tax exemption for corporations formed by the Texas National Research Laboratory Commission (TNRLC). Provided an exemption for taxable items purchased or leased from a corporation established by the TNRLC (nonprofit financing corporations issuing revenue bonds for the super-conducting super collider research facility). Effective Sept. 1, 1991.

**1991 The 72nd Legislature, First Called Session**

*(All changes effective Oct. 1, 1991, unless otherwise indicated.)*

Amended Section 151.429 requiring jobs in the enterprise project to be permanent and requiring the Texas Department of Economic Development to certify annually that the required level of employment has been maintained. Directed the Comptroller's office to assess the amount refunded, plus penalty and interest if the job level is not maintained.

Broadened the "engaged in business" provisions under Sections 151.008(b)(5) and 151.007(a)(4).

Added to the list of taxable services telephone answering services where the messages are taken by a human operator.

Repealed the Sales and Use tax permit fee.

Repealed the exemption for wrapping and packaging supplies.

Taxed charges for membership in nonprofit country clubs described under Section 501(c)(7) of the Internal Revenue Code.

Taxed musical concerts given by those entities listed under Subsection 151.3101(a) if provided jointly with a person not listed under (a).

Limited the exemption under Section 151.311 to school districts and public and private nonprofit hospitals licensed under Chapters 241 or 577 of the Health and Safety Code. (Materials sold by separated contractors to exempt entities still qualify for the sale for resale exemption. Lump-sum contractors owe tax on materials.)

Excluded boats and motors defined by Chapter 160 from the exemption in Section 151.3111.

Delayed the manufacturing exemption for machinery and equipment until Oct. 1, 1993.

Amended Section 151.0048 to exclude from "garbage" hazardous waste, industrial solid waste, waste from oil fields and sewage. Effective Sept. 1, 1991.

**APPENDIX C (continued)**  
**Summary of Legislative Changes to the**  
**Texas Sales and Use Tax Rate and Base**

Provided a prior-contract exemption for the change to Section 151.311 only for contracts signed on or before Aug. 14, 1991. The exemption expired Aug. 14, 1994.

**1993 The 73rd Legislature, Regular Session**

Amended Section 151.0048 to exclude from the definition of “garbage” industrial discharges subject to regulation by permit issued pursuant to Chapter 26 of the Water Code.

Expanded Section 151.058 to cover all services, rather than just repair services, and further defined “sales price” of services. Effective Sept. 1, 1993.

Amended Section 151.103 (Use tax) to make it the same as Section 151.052 (Sales tax). Effective Oct. 1, 1993.

Changed “tangible personal property” to “taxable item” in Section 151.104. Effective Sept. 1, 1993.

Added Sections 151.157, 151.158, 151.159, 151.160, 151.307(c) and (d), 151.3071, and 151.713 to cover customs brokers and exports. Provided an exemption for exported audio equipment, even if installed in Texas before export. Effective June 19, 1993.

Added subsection (g) to Section 151.304 so that persons holding permits would owe use tax when purchasing tangible personal property from a person making an occasional sale under Section 151.304(b)(1). Effective Sept. 1, 1993.

Amended Section 151.308 to put mobile offices under Chapter 151. Effective Oct. 1, 1993.

Added subsection (6) to Section 151.309 providing a reciprocal Sales and Use tax exemption for bordering states. Effective July 1, 1993.

Amended Section 151.310(c) to allow organizations under Section 151.310(a)(2) (as well as (a)(1)) and each chapter of such organizations to hold two (increased from one) tax-free sales or auctions during a calendar year. Also added guidelines for charitable care requirements that nonprofit hospitals must meet to qualify for exemption from the Sales and Use tax. Effective Aug. 30, 1993.

Amended Section 151.311 to allow contractors an exemption for incorporated materials, consumable supplies and certain services when improving realty for organizations covered by Sections 151.309 and 151.310. Taxed the contractor’s equipment. Provided a three-year prior-contract exemption for machinery and equipment used in a contract to improve realty for school districts and certain nonprofit hospitals if the contract was signed before Oct. 1, 1993. The prior-contract exemption was not made a part of the Tax Code but was part of the enabling legislation. Effective Oct. 1, 1993.

Added subsection (b) to Section 151.316 to provide an exemption for components of underground irrigation systems sold or used to be installed on farms and ranches. Effective Sept. 1, 1993.

Added subsection (p) to Section 151.318 making the production of a motion picture, video or audio recording “manufacturing.” Also allowed an exemption for the machinery and equipment rented for use in production. Effective Oct. 1, 1993.

Repealed Section 151.318(c)(5) on wrapping and packaging. Effective Oct. 1, 1993.

Clarified that “magazine” does not mean the publication of current information that is taxable pursuant to Section 151.0038 as an “information service.” Added to Section 151.320(b). Effective Sept. 1, 1993.

Amended Section 151.328 to allow an exemption certificate to be issued for aircraft purchased by nonresidents. Effective Oct. 1, 1993.

**APPENDIX C (continued)**  
**Summary of Legislative Changes to the**  
**Texas Sales and Use Tax Rate and Base**

Amended Section 151.330 by adding subsections (h) and (i) to allow an exemption for certain sales to and purchases by common carriers. (Previously covered by subsections (b) and (e) of 151.330; subsections (b) and (e) were repealed effective Oct. 1, 1987). Effective Oct. 1, 1993.

Added Section 151.350 to exempt labor to restore real or personal property damaged in a disaster area. (The materials used remained taxable.) Effective Oct. 1, 1993.

Amended Sections 151.401 and 151.402 requiring electronic filers to file by Aug. 20 on all sales made between Aug. 1 and Aug. 15. Effective Sept. 1, 1994, and expired Jan. 1, 1996. (The Legislature gave the Comptroller's office authority to waive this requirement for all affected taxpayers.)

Amended Section 151.429 to include a "qualified hotel project" as an enterprise project if the hotel is owned by a municipality or nonprofit municipally sponsored local government corporation. The amendment refunds 100% of the Sales and Use tax collected at the project to the hotel owner. Effective Aug. 30, 1993.

Repealed Sections 151.502 and 151.706 concerning penalties. Effective Sept. 1, 1993.

Added Section 151.7031 to impose a \$50 penalty if a person fails to file timely reports on two or more occasions. Effective Sept. 1, 1993.

Amended Section 151.707 to increase penalties for intentionally giving invalid resale or exemption certificates. Effective Sept. 1, 1993.

Amended Section 151.801 to allocate Sales and Use taxes collected from the sale of sporting goods to the State Parks Account in the General Revenue Fund. Defined "sporting goods." Effective Sept. 1, 1993.

## **1995 The 74th Legislature, Regular Session**

### *Senate Bill 640 — effective Oct. 1, 1995*

Amended Section 151.0036, the definition of "debt collection service," to allow a person handling or collecting on a non-sufficient funds check to collect tax from the drawer or endorser of the check.

Amended Section 151.0038 to exclude from the definition of "information service" the furnishing of information to a member of a homeowners association of a residential subdivision or condominium development by or on behalf of the association.

Amended Section 151.0047 to exclude from the definition of "real property repair or remodeling" an improvement to a processing unit that increases capacity at a petrochemical refinery or chemical plant.

Amended Section 151.0048 to exclude from the definition of a "real property service" such services purchased by a contractor as part of the improvement of new residential structures.

Amended Section 151.027, on confidentiality of tax information, to allow the Comptroller's office to provide information to an eligible city, as prescribed in the new Section 321.3022.

Amended Section 151.154 to clarify the liability of a purchaser making a divergent use of taxable items purchased with a resale certificate. Substituted "taxable items" for "tangible personal property." Defined the value of a taxable service as the amount a purchaser would pay on the open market to obtain the service for use.

Amended Section 151.155 to clarify the liability of a purchaser making a divergent use of taxable items purchased with an exemption certificate. Substituted "taxable items" for "tangible personal property." Defined the value of a taxable service as the amount a purchaser would pay on the open market to obtain the service for use.

Amended Section 151.313, concerning health care supplies, to clarify that hospital beds are exempt medical equipment.

**APPENDIX C (continued)**  
**Summary of Legislative Changes to the**  
**Texas Sales and Use Tax Rate and Base**

Amended Section 151.314(e), which exempts certain sales of food and non-food products by young people, to raise the maximum qualifying age of the seller from 17 to 18 years old.

Amended Section 151.316, on agricultural items, to:

- Define “machinery and equipment” used in the processing, packing and marketing of agricultural products to include required pollution control equipment.
- Enable closely-held related corporations to qualify as an “original producer.”
- Allow a producer to qualify as an “original producer” so long as more than 95% of the products processed belong to that producer.
- Codify the definition of “farm or ranch” in Rule 3.296.
- Define “original producer.”

Added a new Section 151.3161 to exempt the first \$50,000 of equipment purchased for exclusive use in commercial timber operations. Excluded from the exemption: equipment rented for a term of less than 12 months; repair parts, accessories and components; and hand-held tools.

Amended Section 151.3111, which exempts services performed on tangible personal property that is exempt, to exclude from the exemption services performed on machinery and equipment with a purchase price greater than \$50,000.

Amended Section 151.317(c) to clarify the definition of “residential use” for purposes of the gas and electricity exemption. Clarified the exemption for gas and electricity used in producing and transporting a material extracted from the earth by changing “exploring for, or producing and transporting” to “exploring for, producing, or transporting.” Exempted electricity used in jet engine repair work for licensed carriers.

Amended Section 151.318, on property used in manufacturing, to:

- Limit the exclusion in subsection (e) for taxable items rented or leased to those leased for less than a year.
- Correct subsection (m) to make it clear that the reduction in state taxes paid on machinery purchased in 1994 did not affect local taxes.
- Extend the exemption in subsection (n) to certain consumable supplies used by persons overhauling jet turbine engines.
- Clarify the existing manufacturing exemptions and add additional exemptions for semiconductor “cleanroom equipment” and supplies.

Amended Section 151.319, the exemption for newspapers and property used in newspaper publication, to delete subsection (e)(5), which excluded from the exemption wrapping and packaging supplies used by newspapers.

Amended Section 151.342, relating to agribusiness items, to exempt poultry cages used as containers in transporting poultry from a poultry farm to a location where the poultry is processed, packaged or marketed.

Amended Section 151.350 to clarify that the exemption for labor performed on real or tangible personal property damaged in a “disaster area” is not limited to repair labor, but includes labor performed in connection with cleaning, restoration and remodeling.

***Senate Bill 1658 — effective Sept. 1, 1995***

Added Section 111.110 to allow the owner of certain real estate transferred to the University of Houston on or before Aug. 31, 1996, to qualify for a tax credit to reduce the owner’s Sales and Use tax liability if the owner is a direct pay permit holder.

**APPENDIX C (continued)**  
**Summary of Legislative Changes to the**  
**Texas Sales and Use Tax Rate and Base**

***Senate Bill 345 — effective Sept. 1, 1995***

Added Section 111.301 to provide certain eligible persons a refund of state Sales and Use taxes for ad valorem taxes paid to a school district on certain property. The property must be located in a reinvestment zone created under Chapter 312, exempt in whole or in part from the payment of ad valorem taxes imposed by a city or county under a tax abatement agreement, and not subject to a tax abatement agreement entered into with a school district.

***Senate Bill 793 — effective Sept. 1, 1995***

Amended Section 151.0036 to exclude from the definition of debt collection service the collection of court-ordered child-support payments or medical child-support payments.

***House Bill 462 — effective Oct. 1, 1995***

Amended Section 151.314, on food and food products, to exclude from the exemption meals, soft drinks and candy sold to inmates of correctional facilities operated under the authority of or under contract with the state of Texas or a political subdivision of the state.

***Senate Bill 833 — effective July 1, 1995***

Amended Section 151.328 to exempt purchases by a person with a Sales and Use tax permit of aircraft used in flight instruction approved by the Federal Aviation Administration (FAA) and provided under the supervision of an FAA-certified flight instructor.

Exempted parts and labor as well as machinery, tools, supplies, and equipment exclusively used to repair, remodel, or maintain flight-training aircraft, engines, or component parts of the flight-training aircraft. The exemption includes tangible property that is permanently affixed or attached as a component part of the flight-training aircraft, or that is necessary for the normal operation of the aircraft and is pumped, poured or otherwise placed in the aircraft.

Exempted supplies used exclusively in the repair, remodeling, or maintenance of aircraft, aircraft engines, or component parts for a certificated or licensed carrier. Provided an exemption for materials or substances necessary for the normal operation of aircraft and pumped, poured or otherwise placed in an aircraft used by carriers.

***House Bill 1611 — effective July 1, 1995***

Amended Section 151.329 to exempt materials and supplies purchased by a person providing stevedoring services for a ship or vessel that is operating exclusively in foreign or interstate coastal commerce, if the supplies are loaded aboard the vessel and remain on the vessel when it departs.

***House Bill 467 — effective Oct. 1, 1995***

Amended Section 151.331 to exempt natural gas, electricity, and other fuels used or consumed predominately in the repair, maintenance, or restoration of rolling stock.

***House Bill 1583 — effective July 1, 1995***

Amended Section 151.347 to exempt lawn care or landscaping services provided by a person who is self-employed, if the service provider earned no more than a total of \$5,000 from his or her lawn care or landscaping business during the previous four calendar quarters. Increased the limit for receipts for lawn care or landscaping services provided by a person younger than 18 to a total of \$5,000 or less for landscaping or lawn care during the last four calendar quarters.

**APPENDIX C (continued)**  
**Summary of Legislative Changes to the**  
**Texas Sales and Use Tax Rate and Base**

***House Bill 2065 — effective Sept. 1, 1995***

Amended Section 151.429, on tax refunds for enterprise projects, to allow for the refund of tax paid by an enterprise project on labor to remodel or rehabilitate a structure in an enterprise zone. Also allowed a project to claim a refund on electricity and natural gas it purchased and used in the normal course of business in the enterprise zone. Changed the definition of a “new permanent job” from at least 1,040 hours of employment a year to at least 1,820 hours of employment a year.

***Senate Bill 1629 — effective Aug. 26, 1995***

Amended Section 151.429(h) to extend the time during which a qualified hotel project can receive a rebate, refund, or payment of the Sales and Use tax paid or collected by the hotel or by businesses located in the hotel to 10 years after the hotel opens from seven years.

***House Bill 596 — effective Oct. 1, 1995***

Added a new Section 151.321 to allow certain qualifying college and university student organizations to hold a single, one-day tax-free fund-raising sale each month.

***Senate Bill 982 — effective Sept. 1, 1995***

Amended Section 151.006, on sales for resale, to authorize a purchaser to give a properly completed resale certificate to a Texas seller if acquiring a taxable item for the purpose of selling, leasing or renting the item in Mexico in the normal course of business.

Amended Section 151.152, on resale certificates, to require that a resale certificate issued by a purchaser engaged in business in Mexico show the purchaser’s Mexican federal identification number in addition to other information required.

Amended Sections 151.027 and 111.006, on confidentiality of tax information, to allow the Comptroller’s office to share information with a Mexican tax official.

***Senate Bill 737 — effective Oct. 1, 1995***

Added Section 151.353 to exempt certain court reporting services, whether the service is provided as a paper transcript, audio or video tape, or in a computer readable format. Excluded from the exemption are charges for copies of transcripts (paper, diskettes, and video or audio tapes) sold to a person who is not a participant in the suit.

***Senate Bill 1190 — effective Sept. 1, 1995***

Amended the provisions of Section 151.310 that require most nonprofit hospitals to provide a prescribed level of charity care in order to retain their Sales and Use tax exemptions. The amendments allow hospital systems to elect to satisfy charity care standards on a system-wide basis, rather than on an individual-facility basis as previously required. The amendments also provide that a hospital will be in compliance with the charity-care standards if it has been designated as a “Medicaid disproportionate share” hospital in either of its two previous fiscal years, or during the current fiscal year.

**1997 The 75th Legislature, Regular Session**

***House Bill 92 — effective Sept. 1, 1997***

Created two new chapters in the Local Government Code authorizing, among other items, voters in cities and/or counties to create community venue districts and to impose a local sales and use tax for the construction, renovation, operation, or maintenance of a sports stadium or other approved facility. The maximum sales and use tax rate is 0.5%, to be imposed in increments of 1/8%. (It is possible that enacting a sales and use tax under this new law

**APPENDIX C (continued)**  
**Summary of Legislative Changes to the**  
**Texas Sales and Use Tax Rate and Base**

would require either reducing the rate of one or more other local sales and use taxes [to prevent the total local sales and use tax rate from exceeding 2%], or repealing an existing local sales and use tax.)

***Senate Bill 226 — effective May 19, 1997***

Provided for the creation of Defense Economic Readjustment Zones. Businesses designated as defense readjustment projects are eligible for Sales and Use tax refunds, on certain purchases, of \$2,500 for each new permanent job or job retained. A firm would not be able to receive more than \$250,000 in refunds annually.

***House Bill 1855 — effective Oct. 1, 1997***

Amended Section 151.318 to state that the exemption for tangible personal property used in the manufacturing process is limited to property used directly in the process and that makes or causes a chemical or physical change in the product being manufactured for sale or in an intermediate or preliminary product that becomes a part of the product being manufactured for sale. The bill clarified that intra-plant transportation equipment — specifically including piping and conveyor systems — is taxable.

***House Bill 1445 — effective Sept. 1, 1997***

Clarified that a totalisator service — a service used by racetracks to process wagering information — is data processing for the purposes of the Sales and Use tax.

***Senate Bill 862 — effective Sept. 1, 1997, and Oct. 1, 1997***

Defined telephone prepaid calling cards as tangible personal property, effective Sept. 1, 1997. Amended the exemption for certain tax-free fund-raising functions to limit the exemption to items costing \$5,000 or less. Effective Oct. 1, 1997.

This bill also clarified numerous other Sales and Use tax issues, including an exemption from tax on gas and electricity used by companies doing certain defense and security-related contract work on behalf of the U.S. government or foreign governments. Effective Sept. 1, 1997.

***Senate Bill 1 — effective July 1, 1997***

Included in Chapter 151 a provision to allow manufacturers to claim a Sales and Use tax exemption for water conservation equipment purchased to reduce water use and wastewater flow volumes from the manufacturing operation, to reuse and recycle wastewater streams generated within the manufacturing operation, or to treat wastewater from another industrial or municipal source to replace existing freshwater sources in the manufacturing operation.

***House Bill 2157 — effective Oct. 1, 1997***

Allowed a credit to resellers of tickets for amusement services for the Sales and Use tax paid on the original purchase of the ticket.

Various bills were enacted relating to local government sales and use taxation, including Senate Bill 1674 (effective Sept. 1, 1997), which authorized the creation of library districts and the imposition of a sales and use tax not to exceed 0.5%; and House Bill 758 (effective May 20, 1997), which allowed hospital districts to impose sales taxes in additional increments of 1/8%, up to 2%.

**1999 The 76th Legislature, Regular Session**

***House Bill 652 — effective July 1, 1999***

Amended Section 151.313 to provide an exemption for the purchase of an adjustable utensil that facilitates independent eating. The specialized utensil must be purchased for use by an individual who does not have full use or control of his or her hands or arms.

**APPENDIX C (continued)**  
**Summary of Legislative Changes to the**  
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***House Bill 871 — effective July 1, 1999***

Added Section 151.343 to exempt the sale of an animal by a nonprofit animal shelter, including the acceptance of a fee for adoption. Defined “animal shelter” as a facility that keeps or legally impounds stray, homeless, abandoned or unwanted animals.

***House Bill 2146 — effective July 1, 1999***

Amended Section 151.305 to increase the threshold for exemption for toys designed primarily for children, food (but not beverages), candy and chewing gum, if they are sold through a coin-operated bulk vending machine. Increased threshold to 50 cents or less, from 25 cents or less.

***House Bill 3623 — effective Oct. 1, 1999***

Amended Section 151.0048 to exclude surveying as a taxable real property service if purchased by the owner of real property as a part of the improvement of the real property with a new structure to be used as a residence or other improvement immediately adjacent to the new structure and used in the residential occupancy of the structure. To expire Oct. 1, 2001.

***Senate Bill 441 — Internet Access — effective Oct. 1, 1999***

Added Section 151.325 to exempt up to the first \$25 of the monthly charge for internet access from tax, regardless of the billing period used by the service provider or whether the internet access service is bundled with another service.

***Information and Data Processing Services — effective Oct. 1, 1999***

Added Section 151.351 to exempt 20% of the value of information and data processing services from tax. As a result, tax will be owed on 80% of taxable data processing and information services.

***Over-the-Counter Drugs and Medicines — effective April 1, 2000***

Amended Section 151.313 to exempt from tax over-the-counter drugs that are labeled with a national drug code issued by the federal Food and Drug Administration (FDA). Also exempted from tax blood glucose monitoring test strips.

***Three-Day Tax-Free Clothing Holiday — effective June 3, 1999***

Added Section 151.326 to provide an annual three-day period during which purchases of certain clothing and footwear become exempt from tax. The tax holiday will be held every year on the first Friday, Saturday and Sunday of August. In August 1999, the exemption applied to both state and local sales and use taxes. In subsequent years, local taxing entities will have the choice of participating in the holiday. During the tax holiday, certain clothing and footwear priced at less than \$100 will be exempt from the Sales and Use tax. Customers will receive the exemption on individual items, regardless of the total amount of purchase. Clothing and footwear used primarily for athletic activities or for protective wear will not be eligible for the exemption unless the athletic wear is commonly worn other than while participating in an athletic activity, such as tennis shoes, baseball caps and jogging suits.

***Senate Bill 977 — effective Oct. 1, 2001***

Amended several sections of Chapter 151 (including Section 151.316) to exempt a variety of items, including seedlings, certain chemicals, and machinery and equipment used in the production of timber. On Oct. 1, 2001, state and local sales and use taxes will be due on the covered items, but the purchaser will be entitled to a credit for or a refund of a portion of the taxes paid. Initially, the amount of the credit or refund will be 33% of the

**APPENDIX C (continued)**

**Summary of Legislative Changes to the**

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amount of tax paid, increasing to 50% and then 75%. On Jan. 1, 2008, the relevant items will become completely exempt.

**2001 The 77th Legislature, Regular Session**

***House Bill 82 — effective Oct. 1, 2001***

Amended Section 151.321 to provide an exemption for the first \$5,000 of otherwise taxable receipts each calendar year from fund-raising sales or auctions made by qualified university and student organizations that are tax exempt. This exemption is in addition to the one-day tax-free sale or auction such organizations may have each calendar month.

***House Bill 1098 — effective Sept. 1, 2001***

Amended 151.052 to allow a purchaser of printed materials, delivered by the printer to the postal service or mail fulfillment house, to issue an exemption certificate to the printer in lieu of tax. The materials must be distributed by mail to individual recipients, both in-state and out-of-state, other than the purchaser.

***House Bill 1845 — effective June 15, 2001***

Created Chapter 142 of the Tax Code to authorize the Comptroller's office to represent Texas in national efforts to simplify the states' sales tax structures. The intent of such efforts is to modernize sales and use tax administration and substantially reduce the burden on taxpayers.

***House Bill 2686 — effective Sept. 1, 2001***

Amended Sections 151.429 and 151.4291 for enterprise projects designated after Sept. 1, 2001, to increase the sales tax refund for each new or retained job to \$5,000 from \$2,000. Expanded the list of qualifying taxable items for refund to include any tangible personal property and any taxable services used by the project in the zone.

***Senate Bill 2 and Senate Bill 312 — effective Sept. 1, 2001***

Added Section 151.355 to exempt various types of equipment and services used for rainwater harvesting, water recycling, water use reduction, desalination, precipitation enhancement, regional water and wastewater systems; and by partnerships of public and private entities to construct or operate water supply or wastewater systems.

***Senate Bill 5 — effective Sept. 1, 2001***

Added Section 151.0515 to include a surcharge of 1% on the purchase, rental or lease of off-road, heavy-duty, diesel-powered construction equipment.

***Senate Bill 1125 — effective Sept. 1, 2001, and Oct. 1, 2001***

Made several changes to Chapter 151 to establish more stringent criminal penalties for failure to remit tax collected, selling taxable items without a sales tax permit and failure to file a sales tax report (effective Sept. 1, 2001).

Added Section 151.3021 to exempt certain wrapping and packaging supplies when purchased by laundries or dry cleaners and used to package items that have been pressed, dry cleaned or laundered (effective Oct. 1, 2001).

Added Section 151.3181 to change the calculation used to determine taxable divergent use for tangible personal property qualifying for manufacturing exemptions (effective Oct. 1, 2001).

**APPENDIX C (continued)**  
**Summary of Legislative Changes to the**  
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Clarified numerous other tax issues, including:

- Charges for the installation of tangible personal property are part of the taxable sales price.
- The sale or use of a taxable item in an electronic form instead of on physical media does not alter the item's tax status.
- Temporary services may be taxable unless the services are provided by a temporary employment service, as defined by Section 93.001 of the Labor Code.
- Services provided by a staff leasing company may be taxable unless the staff leasing company is licensed under Chapter 91 of the Labor Code or exempt from the licensing requirements of that chapter.
- The sale of motion picture, video and audio masters is not subject to tax.
- The exemption for equipment used by a manufacturer in the quality-control process is limited to equipment used to test the product manufactured for sale.
- Photographic props are not taxable when sold to professional photographers or printers.

***Senate Bill 1497 — effective Aug. 1, 2002***

Added Section 151.061 to base the tax on mobile telecommunications service upon the location where the customer's use primarily occurs.

Various bills were enacted related to local sales and use taxation. These bills included House Bill 445 (effective June 11, 2001), to allow cities to impose a 0.25% sales and use tax for street maintenance; and House Bill 1096 (effective June 16, 2001), to allow a city with a population of 25,000 to 550,000 and a city with a population more than 1.9 million to create a fire control, prevention, and emergency medical services district and impose a local sales and use tax of 0.125% to 0.5% (in 0.125% increments).

**2003 The 78th Legislature, Regular Session**

***House Bill 109 — effective Jan. 1, 2004***

Added Section 151.1575 to allow custom brokers to issue export documentation after examining a passport or other acceptable foreign photo ID; require the purchaser to produce the property and original receipt; and require the purchaser to certify in writing the applicable export information, such as place and time of export.

Amended Section 151.157 to require brokers to post a \$5,000 bond and pay an annual license fee of \$300 for each place of business from which they will issue export certifications and file quarterly reports. Amended Section 151.158 to set export certification stamps at \$1.60 each.

***House Bill 2425 — effective June 20, 2003***

Amended Section 151.318 to exempt materials used to construct or build a pharmaceutical biotechnology cleanroom and equipment used in the cleanroom when installed during the construction of a new facility with a value of at least \$150 million, provided the construction began after July 1, 2003, and before Aug. 31, 2004.

***House Bill 2425 — effective June 20, 2003***

Amended Section 151.011 to make tangible personal property, such as a raw material, that is purchased and processed out of state subject to use tax when used in Texas after processing or manufacturing. (Not applicable to printed materials.)

***House Bill 2425 — effective July 1, 2004***

Added Section 151.103 to require a retailer to collect and remit applicable local use taxes regardless of whether the retailer is engaged in business in a particular local taxing jurisdiction.

**APPENDIX C (continued)**

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***House Bill 2425 — effective Oct. 1, 2003***

Amended Section 151.314 to exempt as food products fruit drinks containing more than 50% juice and individual-sized bakery items, such as doughnuts and cookies sold without plates or eating utensils even if sold in quantities of five or less.

Amended Section 151.314 to require retailers who mix two or more food ingredients for sale by weight or volume (e.g., salad) as a single item to collect sales tax unless the mixture has raw animal foods (eggs, fish, meat or poultry) that require cooking by the consumer per FDA recommendations. (The provision does not include bakery items and food that is only cut, repackaged or pasteurized.)

***House Bill 2425 — effective July 1, 2004***

Amended Sections 321.203 and 323.203 to require retailers providing taxable services to collect local (city, county, special purpose district or transit) tax based on the location at which the service is performed or otherwise delivered to the purchaser.

***House Bill 2519 — effective Jan. 1, 2004***

Added Section 151.3105 to exempt qualifying bingo equipment when purchased by an organization licensed to conduct bingo under Chapter 2001 of the Occupations Code. The organization must be exempt under IRS Section 501(c)(3), (4), (8), (10) or (19).

**2005 The 79th Legislature, Regular Session**

***House Bill 1531 — effective Sept. 1, 2005***

Amended Section 1707.331 of the Occupations Code to exempt telematics service providers from licensing as investigation companies, thereby making their basic charges no longer subject to taxation as security services. Instead, telematics service providers (e.g., electronic stolen vehicle tracking services) were required to pay an annual fee of \$2,500 to the Texas Department of Public Safety and meet certain business practice and procedure guidelines. Because telematics services also include telecommunications and information services, which are subject to sales tax, the taxability of monthly charges will depend on the specific services provided to the customer.

***House Bill 3140 — effective June 18, 2005***

Amended Section 1702.002 of the Occupations Code to state that the term “alarm system” does not include a telephone entry system, an operator for opening or closing a residential or commercial gate or door, or an accessory used only to activate a gate or door if not connected to an alarm system. The bill stipulated that if services are exempted from private security regulation, they are not taxable security services within the meaning of Tax Code, Sections 151.0075 and 151.0101(a)(14).

***Senate Bill 568 — effective Sept. 1, 2005***

Added Section 1702.331 to the Occupations Code to define “personal emergency response systems” as systems installed in a residence and monitored by an alarm system company that will dispatch aid when a person signals a medical or personal emergency, but are not burglar or fire alarms. The bill stipulated that companies selling, installing, servicing, monitoring or responding to personal emergency response system services must be licensed by the Health and Human Services Commission, and that such services are not subject to sales and use tax as security services. However, because personal emergency response system services can also include telecommunications services that are subject to sales tax, the taxability of monthly charges will depend on the specific services provided to the customer.

APPENDIX C (continued)

**Summary of Legislative Changes to the  
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**2007 The 80th Legislature, Regular Session**

***House Bill 4 — effective June 15, 2007***

Amended Section 151.355, concerning water-related exemptions, to exempt tangible personal property used to process, reuse or recycle wastewater for use in fracturing work at an oil or gas well.

***House Bill 11 — effective Sept. 1, 2007***

Added Section 151.433 to allow the Comptroller's office, when it is considered necessary for the administration of the limited sales, excise and use taxes, to require wholesalers and distributors of beer, wine or malt liquor to electronically file a monthly report of sales made to retailers during the previous month. (Similar provisions were added regarding sales of cigarettes [Section 154.212] and cigars and tobacco products [Section 155.105].)

***House Bill 12 — effective June 15, 2007***

Amended Section 151.801 to allocate the proceeds from the collection of taxes imposed by Chapter 151 on the sale, storage or use of sporting goods between the Texas Parks and Wildlife Department and the Texas Historical Commission.

***House Bill 373 — effective July 1, 2007***

Amended Section 151.304 to expand the definition of an "occasional sale" to exempt from sales tax the sale of personal property by an individual who first purchased the property for personal or family use, as long as total receipts from such sales do not exceed \$3,000 in a calendar year. To qualify for the exemption, the seller cannot hold, or otherwise be required to hold, a sales tax permit. The expanded exemption applies to online sales of items through an auction, but not to sales made through the use of an auctioneer, broker or factor. This exemption does not apply to sales of motor vehicles.

***House Bill 387 — effective June 15, 2007***

Repealed Section 151.349, which provided sales tax exemptions for taxable items sold to, leased by or used by any corporation established by the Texas National Research Laboratory Commission.

***House Bill 1459 — effective Sept. 1, 2007***

Amended Section 151.0103 to exclude from the definition of a telecommunications service telephone calls made by payment of coins through pay telephones, thereby exempting such calls from sales tax. The amendment clarified that the exemption only applies to the portion of the pay telephone call that is paid by coin, so that calls made at a pay phone but paid for by other means, such as a credit card, remain taxable.

***House Bill 2833 — effective Sept. 1, 2007***

Amended Occupations Code Section 1702.102 to require locksmith companies and private security consultant companies to be licensed by the Private Security Bureau of the Texas Department of Public Safety as security service contractors, beginning with new and renewal registrations filed on and after Jan. 1, 2008. Services for which a license is required under Occupations Code Section 1702.102 are subject to sales tax as security services under Tax Code, Section 151.0075. As such, locksmiths and security service consultants not previously required to be permitted have had to apply for a sales tax permit and start collecting and remitting sales tax on their services beginning Jan. 1, 2008.

***House Bill 3314 and House Bill 3319 — effective June 15, 2007***

(Each) amended Section 151.326 to move the sales tax holiday for clothing and footwear from the first weekend in August to the third weekend in August; and added Section 151.327 to insert backpacks under \$100 for use by a stu-

**APPENDIX C (continued)**  
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dent in a public or private elementary or secondary school in the list of items that may be purchased tax-free during the sales tax holiday provided for under Section 151.326.

***House Bill 3319 — effective Sept. 1, 2007***

Amended Section 151.0048 to exclude from the definition of “real property service” a service performed by a landman that is necessary to negotiate or secure land or mineral rights for acquisition or trade. A landman may still provide taxable information services.

Amended Section 151.006 to include in the definition of “sale for resale” the transfer of a “wireless voice communication device” (i.e., cell phone) when the phone is an integral part of a taxable service, regardless of whether the provider of the phone is the provider of the taxable service, as long as the payment for the service is a condition for receiving the phone.

Amended Section 151.056 to require ready-mix concrete contractors that manufacture ready-mix concrete for construction purposes and incorporate it into realty to separately state the price of the concrete and individually invoice the customer for each yard sold. The ready-mix concrete contractor is also required to collect and remit tax on the concrete used or consumed. The tax rate is applied to the greater of the actual invoice price or the fair market value of the concrete on jobs other than public works projects.

Repealed Section 151.103 (d), which required a retailer to collect any applicable local use taxes regardless of whether the retailer was engaged in business in a particular local taxing jurisdiction into which a taxable item was shipped or delivered.

Repealed Section 151.202 (c), which required a person desiring to be a seller in this state to agree to collect any applicable local use taxes regardless of whether the retailer was engaged in business in a particular local taxing jurisdiction into which a taxable item was shipped or delivered.

Amended Section 151.313 to clarify the definition of a drug or medicine and to exempt from sales tax over-the-counter drugs or medicines that are required to be labeled with a “drug facts” panel according to regulations of the FDA.

Amended Section 151.3162 to exempt seedlings of trees grown for commercial timber from the sales tax.

Amended Section 151.318 (b)(3) dealing with pharmaceutical biotechnology cleanrooms. Prior to Sept. 1, 2007, Tax Code Section 151.318 exempted biotechnology cleanrooms and equipment only for new facilities with a value of at least \$150 million on which construction began after July 1, 2003, and before Aug. 31, 2004. This bill deletes the minimum \$150 million value requirement and the requirement that construction begin before Aug. 31, 2004.

Amended Section 151.328 to clarify that an aircraft is exempt if sold in Texas to a person for use and registration in another state or nation before any use of the aircraft is made in Texas other than flight training in the aircraft or the transportation of the aircraft out of this state. Also amended Section 151.328 to change the term “flight simulator” to “flight simulation training device” and update references to the relevant FAA regulations.

***House Bill 3693 — effective Sept. 1, 2007***

Added Section 151.333 to create a sales tax holiday for certain energy-efficient products purchased during Memorial Day weekend. There are no limits on the number of items purchased during this new sales tax holiday. The products qualifying for the exemption are air conditioners (priced under \$6,000), clothes washers, ceiling fans, dehumidifiers, dishwashers, incandescent or fluorescent light bulbs, programmable thermostats and refrigerators (priced under \$2,000) that are designated as Energy Star products by the federal government.

**APPENDIX C (continued)**  
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***House Bill 3694 — effective June 15, 2007***

Amended Section 151.429, dealing with the tax refunds for enterprise projects, to increase the number of designated projects allowed in a year from 85 to 105 and to allow for the carryover of any unused designations to following years. The amendment also expands the items subject to refund to include all taxable items purchased for use at a qualified business site related to the project. Other changes streamline the program and modify language to correspond to federal terminology.

***Senate Bill 12 — effective June 8, 2007***

Amended Section 151.0515, dealing with the Texas Emissions Reduction Plan Surcharge, to change the expiration date of the section to Aug. 31, 2013.

**2009 The 81st Legislature, Regular Session**

***House Bill 469 — effective Sept. 1, 2009***

Amended Section 151.334 to exempt certain components of tangible personal property used in connection with sequestration of carbon dioxide. Components of tangible personal property used in connection with an advanced clean energy project that are installed to capture, transport, inject or prepare for transportation or injection of carbon dioxide from an anthropogenic emission source are exempted from sales and use tax, if the carbon dioxide is sequestered in Texas as part of an enhanced oil recovery project under conditions that create a reasonable expectation that at least 99% of the carbon dioxide will remain sequestered from the atmosphere for at least 1,000 years.

***House Bill 693 — effective June 19, 2009***

Amended Section 1951.003 of the Occupations Code, exempting the following activities from structural pest control services:

- Use of a raptor to control or relocate other birds.
- Physical removal of pests or their habitat while cleaning a chimney.
- Use of a live trap to remove an animal from a residence, agricultural operation or business structure.
- Mechanical removal of weeds or other vegetation from sewers, drainage systems, water bodies, etc.
- Installation, maintenance or use of a non-pesticidal barrier to remove or prevent infestation by nuisance animals.

***House Bill 1801 — effective July 1, 2009***

Amended Section 151.327 to add “school supplies,” as that term is defined in the Streamlined Sales and Use Tax Agreement, to the list of items qualifying for exemption from Texas state and local sales and use taxes during the annual sales tax holiday in August. Items must be priced at less than \$100 and purchased for use by a student in an elementary or secondary school.

***House Bill 2730 — effective Sept. 1, 2009***

Amended Section 1702.002 of the Occupations Code to specify electronic access gates do not qualify as alarm systems if they are not connected to a computer or data processor that records or archives the voice, visual image or identifying information of the user.

***House Bill 3144 — effective Sept. 1, 2009***

Amended 151.316 to provide an exemption for tangible personal property incorporated into a structure that is used for the disposal of poultry carcasses in accordance with Section 26.303 of the Water Code.

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The bill codified the existing exemption for aircraft used exclusively for crop dusting and expanded the exemption to cover not only the aircraft and parts, but also other equipment and machinery used exclusively in an agricultural aircraft operation, as defined by 14 C.F.R. Section 137.3.

The bill also codified the exemptions for tires and automobile repair parts used on motor vehicles and equipment used exclusively on a farm or ranch.

***Senate Bill 636 — effective Sept. 1, 2009***

Added Section 151.0565 to provide that qualifying destination management companies will be considered consumers and not sellers of items provided to customers under certain qualifying “Destination Management Service” contracts. A qualifying destination management company is a corporation or LLC that receives at least 80% of its annual revenue from destination management services; is not a caterer or wedding planner; does not own entertainment venues; spends at least 1% of its gross receipts on marketing Texas destinations; and recruits at least 80% of its clientele from outside of the state. A qualifying contract must contain at least three of the following services:

- Transportation management.
- Booking and managing entertainers.
- Coordination of tours or recreational activities.
- Meeting, conference or event registration.
- Meeting, conference or event staffing.
- Event management.
- Meal coordination.

***Senate Bill 958 — effective Sept. 1, 2009***

Amended Section 151.328 relating to aircraft exemptions by adding Section (a)(5) to exempt from the sales tax the purchase of an aircraft exclusively for an agricultural use, as defined by Section 23.51 of the Property Tax Code, and used for:

- Predator control.
- Wildlife or livestock capture.
- Wildlife or livestock surveys.
- Census counts of wildlife or livestock.
- Animal or plant health inspection services.
- Crop dusting, pollination or seeding.

***Senate Bill 1199 — effective Sept. 1, 2009***

Amended Section 151.310 to specify that for purposes of obtaining a refund or claiming a credit for sales tax, a religious, educational or public service organization is not considered exempt from sales tax before the earlier of the date the organization applied for the exemption with the Comptroller’s office or the date of assessment of the organization’s tax liability by the Comptroller’s office as a result of an audit.

The amendment also entitles a seller to a credit or reimbursement of sales tax equal to the amount of sales tax refunded to a purchaser when the purchaser receives a full or partial refund of the sales price of a returned taxable item.

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***Senate Bill 1929 — effective Sept. 1, 2009***

Added new chapter 485A to the Government Code and new Section 151.3415 to the Tax Code to provide for the creation of “media production development zones” and “qualified media production locations” in Texas, as well as sales tax exemptions for “qualified persons” who construct, maintain, expand, improve or renovate a “media production facility” at a qualified media production location. “Qualified persons” will be able to claim an exemption on the sale, lease or rental of a taxable item used for the construction, maintenance, expansion, improvement or renovation of a media production facility at a qualified media production location; to equip a media production facility at a qualified media production location; or for the renovation of a building or facility at a qualified media production location that is to be used exclusively as a media production facility.

**2011 The 82nd Legislature, Regular Session**

***House Bill 268 — effective Sept. 1, 2011***

Added Section 151.1551 to require a person claiming an exemption from sales tax on the purchase of certain items used in the production of agricultural and timber products must obtain a registration number issued by the Comptroller’s office. Beginning Jan. 1, 2012, the registration number must be provided on an agricultural or timber production exemption certificate issued to a seller.

The bill also amended Section 151.316 to create a new exemption from sales and use tax for tangible personal property incorporated into or attached to a free-stall dairy barn or a dairy structure used solely for maternity purposes that is located on a commercial dairy farm and is used or employed exclusively for the production of milk. House Bill 2810 also enacted this exemption.

***House Bill 1841 — effective June 17, 2011***

Added Section 151.108 to create a definition for internet hosting and to specify that a person whose only activity in this state is as a user of internet hosting is not engaged in business in Texas.

***House Bill 2810 — effective Sept. 1, 2011***

Amended Section 151.316 to create a new exemption from sales and use tax for tangible personal property incorporated into or attached to a free-stall dairy barn or a dairy structure used solely for maternity purposes that is located on a commercial dairy farm and is used or employed exclusively for the production of milk. House Bill 268 also enacted this exemption.

***House Bill 3182 — effective Sept. 1, 2011***

Amended Section 151.308 to provide that oilfield portable units, as defined in Tax Code Chapter 152.001(20), are subject to sales and use tax rather than motor vehicle or hotel occupancy taxes.

An “oil field portable unit” is a bunkhouse, manufactured home, trailer or semi-trailer (other than a travel trailer) designed to be used for temporary lodging or as temporary office space that is used exclusively at any oil, gas, water disposal or injection well site to provide to well site employees, contractors or other workers sleeping accommodations or temporary work space, including office space, which does not require attachment to a foundation or to real property to be functional.

***Senate Bill 776 — effective Sept. 1, 2011***

Amended Sections 151.157, 151.1575 and 151.158 to make numerous revisions to the requirements a Texas Licensed Customs Broker must follow when issuing proof of export documentation a purchaser can use to obtain a refund of Texas sales and use tax.

**APPENDIX C (continued)**  
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***Senate Bill 1927 — effective June 17, 2011***

Amended Section 151.310 to authorize a volunteer firefighter organization that qualifies for a sales and use tax exemption under Tax Code Section 151.310(a)(4) to hold 10 tax-free sales or auctions during a calendar year, with each tax-free sale or auction limited to a duration of not more than 72 hours. The new subsection expires Sept. 1, 2014.

**2011 The 82nd Legislature, First Called Session**

***Senate Bill 1, Article 3 — effective Oct. 1, 2011***

Repealed Subchapter F of Tax Code Chapter 111. Texas property owners will no longer be eligible to receive refunds of state sales and use taxes and franchise taxes for paying local school property taxes on property located in reinvestment zones established under Tax Code, Chapter 312. The repeal does not affect an eligible person's right to request a refund of taxes paid prior to Oct. 1, 2011, subject to the statute of limitations, for any calendar year in which the person paid ad valorem taxes to a school district.

***Senate Bill 1, Article 12 — effective Oct. 1, 2011***

Amended Section 151.006 to clarify that the sale for resale exemption can be claimed on the purchase of taxable items (i.e., tangible personal property, taxable services) that will be resold as or with a taxable item.

The amendment also outlines the requirements that must be met in order to claim the resale exemption on items purchased to be used in the performance of contracts with the federal government, and clarifies that a sale for resale does not include a sale of tangible personal property or a taxable service to a purchaser who acquires it for the purpose of performing a non-taxable service, regardless of whether title transfers to the purchaser's customer.

***Senate Bill 1, Article 13 — effective Sept. 28, 2011***

Added the requirement that, beginning August 2013, all taxpayers who file monthly sales tax reports and who pay the sales taxes due that month (for the July 2013 reporting period) to the Comptroller's office by electronic funds transfer will be required to submit a one-time prepayment of tax.

The amount of the prepayment due will be equal to 25% of the amount of sales tax the taxpayer owes for the July reporting period, as reported on the report due Aug. 20, 2013. The taxpayer is required to remit the additional prepayment at the same time as the regular payment for the July sales tax report: on or before Aug. 20, 2013.

Taxpayers who submit the prepayment will receive credits for the prepaid taxes when they file the August report in September 2013. Taxpayers who normally prepay, as provided by Tax Code Section 151.424, are not affected by this provision.

***Notice: Senate Bill 559, 83rd Legislature, Regular Session, 2013, repealed this requirement.***

***Senate Bill 1, Article 30 — effective Jan. 1, 2012***

Amended Section 151.008(b) to provide that the terms "seller" and "retailer" include a person who, by agreement with an owner of tangible personal property, has been entrusted with possession of and authority to sell, lease or rent the property without additional action on the part of the owner.

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The article also amends Section 151.107 to provide that a “retailer engaged in business in this state” includes a retailer who:

- holds a substantial ownership in, or is owned in whole or substantial part by, a person who maintains a business location in this state, if the retailer sells substantially the same product line and does so under substantially the same business name as the related retailer, or if the facilities or employees of the related person in this state are used to advertise, promote, or facilitate sales by the retailer or are used to maintain a marketplace in this state for the retailer, exchanging returned merchandise; or
- holds a substantial ownership in, or is owned in whole or substantial part by, a person that maintains a distribution center, warehouse or similar location in this state that delivers property sold by the retailer.

The new Section 151.107(d) provides that “ownership” includes direct ownership, common ownership and indirect ownership through a parent entity, subsidiary or affiliate; and defines “substantial” to mean a 50% ownership interest with the type of ownership (i.e., beneficial, combined voting power, etc.) determined by the type of entity.

***Senate Bill 1, Article 33 — effective Sept. 28, 2012***

Amended Section 151.326(a)(2), which specifies the time period for the annual sales tax holiday for clothing, footwear, school supplies and backpacks.

**2013 The 83rd Legislature, Regular Session**

***House Bill 78 — effective Oct. 1, 2013***

Amended Section 151.336 to provide an exemption for the sale of gold, silver, or numismatic coins or of platinum, gold, or silver bullion. Previously, a sale was exempt if the total sales price of all items sold equaled \$1,000 or more.

***House Bill 697 — effective Sept. 1, 2013***

Amended Section 151.314(d) to make booster clubs and other school support organizations eligible for the sales tax exemption for food products, meals, soft drinks and candy, if served by their group during a regular school day pursuant to an agreement with the proper school authorities. The bill also exempted food products, meals, soft drinks and candy sold during a school-sponsored or sanctioned event at a concession stand operated by a booster club or other school support organization, if the proceeds benefit the school or school district.

***House Bill 800 — effective Jan. 1, 2014***

Added Section 151.3182 to allow a sales and use tax exemption for the purchase, lease or rental of depreciable tangible personal property purchased by a person for direct use in qualified research, as defined in Internal Revenue Code (IRC) Section 41. The depreciable property must have a useful life exceeding one year and must be subject to depreciation either under generally accepted accounting principles or under IRC Section 167 or Section 168. Persons engaged in qualified research may claim a credit for franchise tax instead of the sales tax exemption.

***House Bill 1133 — effective Sept. 1, 2013***

Added Section 151.3186 to allow providers of cable television service, internet access service or telecommunications services (and their subsidiaries) to claim a refund for state sales and use taxes paid on the purchase, lease or rental of tangible personal property directly used or consumed in or during the distribution of cable television service; the provision of internet access service; or the transmission, conveyance, routing or reception of telecommunications services. A refund may not be claimed for property used or consumed in providing data processing or information services.

**APPENDIX C (continued)**  
**Summary of Legislative Changes to the**  
**Texas Sales and Use Tax Rate and Base**

This refund does not apply to sales and use taxes imposed by local jurisdictions. Providers who claim this sales and use tax refund are excluded from claiming special property tax benefits for economic development on that same tangible personal property under Chapter 313 of the Tax Code.

The legislation sets an annual cap of \$50 million as the total amount available for refund to all qualified claimants. Each eligible provider will receive a pro rata share of the annual \$50 million if the total of all qualifying refunds exceeds the cap.

***House Bill 1223 — effective Sept. 1, 2013***

Added Section 151.359 to exempt certain items necessary and essential to the operation of a qualified data center from state sales and use tax. An owner, operator and/or occupant of a data center being specifically constructed or refurbished in Texas to be used by a single occupant to house servers and related equipment for processing, storage and distribution of data may apply to the Comptroller's office for certification as a qualifying data center.

Owners, occupants and operators of certified data centers will be eligible to claim an exemption on qualified purchases made for 10-15 years following the date of certification, depending on the amount of capital investment made in the center by the owner, operator or occupant, whether individually or jointly.

The exemption does not apply to sales and use taxes imposed by local jurisdictions. Data centers with agreements to limit the appraised value of property for property tax under Tax Code Chapter 313 do not qualify for this exemption.

***House Bill 1712 — effective June 14, 2013***

Added Section 151.356 to provide a sales and use tax exemption for tangible personal property that is exclusively intended to be used, or used in an offshore spill response containment system. The bill also exempts services performed on qualifying property from sales and use tax. The spill response containment system must be owned or leased by an entity formed primarily for the purpose of designing, developing, modifying, enhancing, assembling, operating, deploying and maintaining an offshore spill response containment system.

***House Bill 3169 — effective Sept. 1, 2013***

Amended Section 151.0565 to redefine “destination management services” to mean certain services regardless of whether such services are provided under a qualified destination management services contract.

The bill amended Section 151.313 to define “intravenous system” and “hospital bed” and to specify the systems, beds and components of each that qualify for exemption.

The bill amended the definition of “newspaper” under Section 151.319 to increase the average daily sales price of a newspaper that qualifies for exemption from \$1.50 to \$3.00.

***Senate Bill 485 — effective June 14, 2013***

Amended Section 151.326 and 151.327 to adopt a new method for determining the dates of the annual Sales Tax Holiday for clothing, footwear, backpacks and school supplies. The date is now set by determining the first day a Texas school district may begin classes, counting back 15 days from the first day of school and identifying the Friday before the 15 days preceding the first day of school.

***Senate Bill 1151 — effective Sept. 1, 2013***

Amended Section 151.314 to exempt snack items from sales tax unless they are sold through a vending machine or in individual-sized portions. Snack items sold through a vending machine or in individual-sized portions are taxable. Snack items are defined to include:

- Breakfast bars, granola bars, nutrition bars, protein bars, sports bars or yogurt bars, unless they are labeled and marketed as candy.

**APPENDIX C (continued)**  
**Summary of Legislative Changes to the**  
**Texas Sales and Use Tax Rate and Base**

- Snack mix and trail mix.
- Nuts, unless candy-coated.
- Popcorn.
- Chips, crackers or hard pretzels.

An individual-sized portion is defined as being labeled as having not more than one serving or, if the package does not specify servings, contains less than 2.5 ounces.

***Senate Bill 1286 — effective Sept. 1, 2013***

Changes references from “staff leasing services” to “professional employment services” in Chapters 151 and 171 of the Tax Code.

**2015 The 84th Legislature, Regular Session**

***House Bill 7 — effective Sept. 1, 2015***

Amended Section 151.0515 to reduce the Texas Emissions Reduction Plan Surcharge imposed on the sale, lease or rental of off-road, heavy-duty diesel equipment from 2% to 1.5%.

***House Bill 157 — effective Sept. 1, 2015***

Amended provisions of Local Government Code Chapters 334, 363, 504 and 505, and provisions of Tax Code Chapters 321 and 327 to allow municipalities to set their sales and use tax rate at any rate that is an increment of 1/8 of 1%, as long as the rate would not exceed the maximum 2% combined local tax rate provided by Tax Code Section 321.101(f). The adoption and changes in rates of municipal sales and use taxes must be approved by voters.

The amendments apply to the municipal sales and use tax and to city sales and use taxes imposed for street maintenance, venue projects, property tax relief, economic development and crime control and prevention.

***House Bill 1841 — effective Oct. 1, 2015***

Amended Section 151.0039 to exclude services performed on behalf of an insured by a person licensed under Insurance Code Chapter 4102 (public insurance adjusters) from the definition of insurance services. As a result, insurance services provided by a public insurance adjuster are not subject to sales and use tax.

***House Bill 1905 — effective Sept. 1, 2015***

Amended the definition of “snack items” in Section 151.314 to mean:

- Breakfast bars, granola bars, nutrition bars, sports bars, protein bars or yogurt bars, unless labeled and marketed as candy.
- Snack mix or trail mix.
- Nuts, but not including pine nuts or candy-coated nuts.
- Popcorn.
- Chips, crackers, hard pretzels, pork rinds or corn nuts.
- Sunflower seeds or pumpkin seeds.
- Ice cream, sherbet or frozen yogurt.
- Ice pops, juice pops, sorbet or other frozen fruit items containing not more than 50% fruit juice by volume.

**APPENDIX C (continued)**

**Summary of Legislative Changes to the**

**Texas Sales and Use Tax Rate and Base**

Snack items sold in portions labeled as having not more than one serving or containing less than 2.5 ounces are taxable.

Food products served, prepared or sold for immediate consumption by a restaurant, lunch counter, cafeteria, deli or similar types of businesses are taxable. The bill provides that a grocery store or convenience store containing one of these types of locations will be considered such a place of business only in regard to sales made from that location within the store.

***House Bill 2313 — effective Sept. 1, 2015***

Added Section 151.3051 exempting the sale of tangible personal property through a vending machine if:

- the sale is made by a nonprofit organization under Section 501(c)(3) Internal Revenue Code of 1986;
- the machine is owned by the nonprofit organization; and
- the machine is stocked and maintained by individuals with special needs as part of an independent life skills and education program operated by the nonprofit organization.

***House Bill 2358 — effective June 16, 2015***

Added Tax Code Section 151.0241 and Business & Commerce Code Chapter 112 exempting an out-of-state business entity that enters Texas at the request of an in-state business entity under a mutual assistance agreement, or that is an affiliate of an in-state business entity, from Texas licensing and registration requirements when its business in Texas is limited to performing disaster- or emergency-related work during a disaster response period. The out-of-state entity will not be required to collect and remit Texas sales and use tax on its sales of taxable items in Texas nor on its purchases of taxable items that are sold or transferred to its customers during a disaster response period.

An out-of-state entity will not be considered engaged in business in Texas if the entity's physical presence in Texas is solely for performing disaster- or emergency-related work during a disaster response period. The out-of-state business entity is not required to register with the Secretary of State or to file a tax report with or pay taxes or fees to Texas or a political subdivision of Texas when its business in Texas is limited to performing disaster- or emergency-related work during a disaster response period.

The out-of-state entity will not owe use tax on equipment brought into Texas used only by the entity to perform disaster- or emergency-related work during the disaster response period and removed from Texas by the entity following the disaster response period. The out-of-state entity will owe sales tax on its purchases of taxable items for its own use.

The bill does not provide an exemption for taxable items sold by the out-of-state business described by the bill. Purchasers are still responsible for use tax on any taxable items purchased from such an out-of-state business entity.

***House Bill 2507 — effective Sept. 1, 2015***

Amended Section 151.3185 to exempt tangible personal property sold to licensed digital audio broadcasting stations if the property is necessary to provide digital audio broadcast service.

***House Bill 2712 — effective June 10, 2015***

Amended Section 151.317 and added Section 151.3595 to exempt certain items necessary for operating a qualifying large data center project from state and local sales and use tax.

An owner, operator or occupant of a data center comprising at least 250,000 square feet in one or more buildings, located on a single or contiguous parcels of land, that is being specifically constructed or refurbished in Texas to be used by a single occupant to house servers and related equipment for processing, storing and distributing data can apply to the Comptroller's office for certification as a qualifying large data center project.

**APPENDIX C (continued)**  
**Summary of Legislative Changes to the**  
**Texas Sales and Use Tax Rate and Base**

For certification, a qualifying owner, operator or occupant (independently or jointly) must agree to:

- make a capital investment of \$500 million or more over a five-year period from the date of certification;
- create at least 40 permanent, full-time qualifying jobs in the county where the data center is located that are unrelated to moving jobs from another Texas county; and
- contract for at least 20 megawatts of transmission capacity for operating the large data center project.

A “qualifying job” must pay at least 120% of the county average weekly wage in the county where the job is based.

Owners, occupants and operators of certified data centers can claim an exemption on qualified purchases made for 20 years following the date of certification. A large data center’s certification can be revoked if the owner, operator or occupant (individually or jointly) fails to make the amount of capital investment or create the number of jobs required within the initial five-year time frame. If the certification is revoked, tax will be due on tax-free purchases made before the revocation.

Data centers with agreements to limit the appraised value of property for property tax under Tax Code Chapter 313 do not qualify for this exemption.

***Senate Bill 31 — effective May 28, 2015***

Added Section 151.310(c-1) to allow volunteer firefighter departments and volunteer firefighter departments providing emergency services that qualify for a sales tax exemption under Tax Code Section 151.310(a)(4) to hold 10 tax-free sales or auctions during a calendar year. If two or more exempt organizations jointly hold an auction or sale, it will count toward the 10 tax-free sales or auctions allowed for each organization.

Each tax-free sale or auction cannot last more than 72 hours.

***Senate Bill 100 — effective Sept. 1, 2015***

Amended Section 151.429 to remove the cap placed on capital investments for qualified enterprise projects. An enterprise project can qualify for a tax refund based on their capital investment. The bill removes the cap of \$149,999,999 placed on capital investment that results in a refund of \$2,500 per job.

Enterprise projects that have capital investments of \$150,000,000 or more will receive refunds for new permanent jobs. The refund per job has been changed to capture only new permanent jobs.

The bill added the definition of a half enterprise project and provides that the maximum sales tax refund a half enterprise project may receive is \$125,000.

***Senate Bill 140 — effective Sept. 1, 2015***

Amended Sections 151.1551 and 151.316 to provide a sales and use tax exemption for telecommunications services exclusively provided or used for navigating machinery and equipment exclusively used on a farm or ranch for the following purposes:

- building or maintaining roads;
- building or maintaining water facilities; or
- producing agricultural products to be sold in the regular course of business.

Purchasers must provide sellers a Texas Agricultural Sales and Use Tax Exemption Certificate, including an Agricultural and Timber Registration Number and expiration date, to claim the exemption.

**APPENDIX C (continued)**  
**Summary of Legislative Changes to the**  
**Texas Sales and Use Tax Rate and Base**

***Senate Bill 755 — effective June 10, 2015***

Added Section 151.006(d) to expand the definition of “sale for resale” to include a sale of a computer program to a provider of internet hosting services who sells a license to use the program to an unrelated user of internet hosting services, provided that the reseller does not retain a right to use the program under that license. A sale for resale is exempt from sales and use tax.

***Senate Bill 853 — effective June 1, 2015***

Added Section 151.202(c) to provide an electronically filed sales tax permit application complies with the signature requirement under Tax Code Section 151.202(b).

***Senate Bill 904 — effective Sept. 1, 2015***

Added Section 151.3565 to provide a temporary sales and use tax exemption for certain emergency preparation items sold during a three-day period beginning on the Saturday before the last Monday in April and ending on the last Monday in April.

Items that qualify for the exemption include certain portable generators, hurricane shutters, ladders, portable self-powered light sources, fuel containers, radios, batteries, smoke detectors, fire extinguishers and first aid kits.

***Senate Bill 1356 — effective Oct. 1, 2015***

Added Section 151.3335 to provide a temporary sales and use tax exemption for certain water-conserving products and for products with a “WaterSense” label from the U.S. Environmental Protection Agency.

The items are exempt when sold during a three-day period beginning on the Saturday before the last Monday in May (Memorial Day) and ending on Memorial Day.

***Senate Bill 1396 — effective Sept. 1, 2015***

Added Tax Code Chapter 163, Sales and Use Taxation of Aircraft. It defines “certificated or licensed carriers” as carriers authorized under Parts 121, 125, 133 and 135 of the Federal Aviation Regulations. The bill provides that the exemption for aircraft under Tax Code Section 151.328(a)(1) applies regardless of whether the aircraft is acquired by purchase, lease or rental.

The bill also provides a unique “sale for resale” definition for purchases of aircraft. A sale for resale includes a sale to a purchaser for the purpose of leasing, renting or reselling the aircraft to another person. The sale for resale does not have to be for the sole purpose of leasing or renting, provided that more than 50% of the departures are under the operational control of a lessee.

Operational control is defined by Federal Aviation Regulations. The consideration for a lease or rental does not have to be in the form of cash payments, and can be fixed, variable or periodic.

Liability for tax on divergent use does not apply to aircraft purchased under the sale for resale exemption.

Use tax does not apply to aircraft brought into Texas for the sole purpose of being completed, repaired, remodeled or restored. There is also no presumption of taxable use when an aircraft is brought into Texas, if the aircraft was not purchased directly from a seller.

The bill provides that tax is not due on certain aircraft after out-of-state use. Specifically, the bill exempts from use tax any aircraft purchased outside of the state that is predominantly used outside of Texas for more than a year before being brought into Texas. An aircraft is predominantly used outside of Texas if more than half of its departures are from locations outside of Texas.

**APPENDIX C (continued)**  
**Summary of Legislative Changes to the**  
**Texas Sales and Use Tax Rate and Base**

For transactions involving aircraft, transactions between related persons are taxable or not taxable to the same extent as transactions between unrelated persons. When a person pays tax on the purchase of an aircraft, use by a related entity is not also subject to tax. Use by a related entity of a purchaser is not taxable, if tax was paid by the purchaser or, if subject to certain exceptions, the purchase was exempt.

The use of an aircraft by a fractional owner of the aircraft is not a taxable transaction.

**2017 The 85th Legislature, Regular Session**

***House Bill 3101 — effective Sept. 1, 2017***

Amended Alcoholic Beverage Code Sections 11.38 and 101.46 and added Alcoholic Beverage Code Chapter 48A. The bill allows the sale of alcoholic beverages on certain passenger buses and provides that preparation and sales of the alcoholic beverages by the holder of a passenger bus beverage permit are exempt from taxes imposed under the Alcoholic Beverage Code and sales and use taxes imposed under Tax Code Chapter 151.

A wholesaler's permit holder can sell liquor to a qualifying passenger bus company tax free as a sale for resale and is not required to obtain a resale certificate.

***House Bill 4038 — effective Sept. 1, 2017***

Amended Tax Code Section 151.359. The bill expands the definition of "qualifying job" for purposes of certification as a qualifying data center to include a new employment position staffed by a third-party employer if there is a written contract between the third-party employer and a qualifying owner, qualifying operator or qualifying occupant stating the employment position is permanently assigned to an associated qualifying data center.

The amended definition applies to a data center certified as a qualifying data center regardless of whether the certification occurred before June 1, 2017.

***House Bill 4042 — effective Sept. 1, 2017***

Amended Alcoholic Beverage Code Chapter 53 and Tax Code Section 151.461. The bill removes the term "charitable" in reference to temporary auction permits issued by the Texas Alcoholic Beverage Commission (TABC) and provides that the TABC may not impose a surcharge for a temporary auction permit. The bill also allows holders of a temporary auction permit to have more than one auction each calendar year and includes a person or group of persons who are subject to recordkeeping requirements under Election Code Chapter 254 to be issued a temporary auction permit.

***House Bill 4054 — effective Sept. 1, 2017***

Amended Tax Code Section 151.314. The bill defines "bakery" as a retail location that primarily sells bakery items from a display case or counter, predominantly for eating off the premises. It exempts all bakery items sold by a bakery, even if the bakery heats the items for the customer or serves the items with plates or other eating utensils. It also exempts bakery items sold by a retailer (other than a bakery) when the retailer does not provide plates or other eating utensils with the bakery items and does not heat the bakery items.

***Senate Bill 745 — effective Sept. 1, 2017***

Transferred Tax Code Section 151.057 (Services by Employees) to Tax Code Section 151.3503 and amended that new section. The bill transfers the exclusion from tax for services performed by employees to an exemption and specifies when services performed by an employee of a temporary employment service for a host employer are exempt from sales and use tax.

**APPENDIX C (continued)**  
**Summary of Legislative Changes to the**  
**Texas Sales and Use Tax Rate and Base**

To qualify for the exemption, the host employer:

- must provide all the equipment and supplies, except for certain personal protection equipment, necessary to perform the service;
- cannot rent, lease, purchase, acquire or use the equipment and supplies from the temporary employment service or a related entity that is a member of the service provider's affiliated group, as that term is defined for franchise tax; and
- must have the sole right to supervise, direct and control the work performed by the temporary employee as necessary to conduct the host employee's business.

***Senate Bill 1083 — effective Jan. 1, 2018***

Amended Tax Code Section 151.0039. The bill excludes from taxable insurance services the services performed by a certified public accountancy (CPA) firm from the definition of insurance services, if less than 1% of the firm's total revenue in the previous calendar year is from insurance services provided in Texas; and services performed on behalf of a CPA firm by an owner of the firm or a member of the firm's affiliated group, if less than 1% of the owner's or member's total revenue in the previous calendar year is from insurance services provided in Texas.

**2019 The 86th Legislature, Regular Session**

***House Bill 196 — effective Sept. 1, 2019***

Tax Code Section 151.3101 exempted the sale of amusement services from sales and use tax if the services are exclusively provided by certain governmental and nonprofit entities. House Bill 1965 allowed those entities to contract with another organization to provide touring theatrical productions that qualify for the exemption. A theatrical production is defined as a live staged play, musical play, opera or ballet.

Amended Tax Code Section 151.3101 (Amusement Services Exemptions).

***House Bill 1525 — effective Oct. 1, 2019***

Defined "marketplace," "marketplace provider" and "marketplace seller." A marketplace is a physical or electronic medium through which persons other than the owner or operator of the medium make sales of taxable items. The term includes a store, internet website, software application or catalog.

A marketplace provider is a person who owns or operates a marketplace and processes sales or payments for marketplace sellers.

A marketplace seller is a seller, other than the marketplace provider, who makes a sale of taxable items through a marketplace.

The bill specified that a marketplace provider is the seller of the items sold on their marketplace platforms. The bill requires a marketplace provider to certify to each individual selling taxable items through the marketplace that the provider assumes the statutory rights and duties of a seller or retailer. A marketplace provider is required to collect, report and remit taxes to the Comptroller's office on all sales of taxable items made through the marketplace. Local sales and use taxes on taxable items sold through a marketplace are due based on the location where the items are delivered.

***House Bill 1543 — effective Sept. 1, 2019***

Required purchasers of off-highway all-terrain vehicles, motorcycles and utility vehicles to present to the county tax assessor-collector's office acceptable documentation that shows use tax has been paid to the Comptroller's office when an application for title is presented.

**APPENDIX C (continued)**  
**Summary of Legislative Changes to the**  
**Texas Sales and Use Tax Rate and Base**

Required manufacturers licensed under Texas Occupations Code Chapter 2301 to file a report with the Comptroller's office indicating new off-highway vehicles purchased out of state and warrantied in Texas. The first report is due by March 1, 2020.

Added Tax Code Subchapter 151 I-2 (Reports by Manufacturers of Certain Off-Highway Vehicles Purchased Outside This State).

Added Transportation Code Section 501.0301 (Certain Off-Highway Vehicles Purchased Outside This State).

***House Bill 2153 — effective Oct. 1, 2019***

In response to the U.S. Supreme Court's decision on *South Dakota v. Wayfair*, remote sellers who were previously not required to collect and remit sales and use tax may have to begin collecting Texas tax on their sales into Texas. Generally, a "remote seller" is a seller who does not have a physical presence in a state, but who sells products or services for delivery into that state. House Bill 2153:

- Provided a single local use tax rate for remote sellers.
- Allowed a remote seller to elect to collect this single local use tax rate by notifying the Comptroller's office, instead of calculating and remitting local tax for numerous local jurisdictions.
- Provided that for the period of Oct. 1, 2019–Dec. 31, 2019, the single local use tax rate will be 1.75%.
- Required the Comptroller's office to compute the single local use tax rate and publish it in the Texas Register prior to the beginning of each calendar year.

Added Tax Code Section 151.0595 (Single Local Tax Rate for Remote Sellers).

Repealed Tax Code Sections 151.059 (Fee Imposed in Lieu of Local Sales and Use Taxes) and 151.107(c) (Retailer Engaged in Business in This State).

Amended Government Code Section 403.107 (Local Sales and Use Tax Fees).

***House Bill 2358 — effective Oct. 1, 2019***

Allowed that a retailer may directly or indirectly advertise, hold out, or state to a customer or to the public that the retailer will pay the sales or use tax for the customer provided that:

- The retailer indicates in the advertisement that the retailer is paying the tax for the customer.
- The retailer does not indicate or imply in the advertisement that the sale is exempt or excluded from taxation.
- Any purchaser's receipt or other statement given to the customer listing the sales price paid or to be paid by the customer separately states the amount of the tax and indicates that the tax will be paid by the retailer.

A retailer that advertises, holds out, or states to a customer or to the public that the retailer will pay the tax:

- Is presumed to have received or collected the sales and use tax imposed on the sale of a taxable item.
- Will hold the tax received or collected in trust for the state.
- Is liable for the amount of tax received or collected.

Amended Tax Code Sections 111.016 (Payment to the State of Tax Collections) and 151.704 (Prohibited Advertising; Criminal Penalty).

**APPENDIX C (continued)**  
**Summary of Legislative Changes to the**  
**Texas Sales and Use Tax Rate and Base**

***House Bill 2684 — effective Sept. 1, 2019***

Exempted the sale of a taxable item from sales and use tax if the seller is a 501(c)(3) nonprofit organization, the sale takes place at a county fair and the purchaser is a person attending or participating in the fair.

Amended Tax Code Section 151.3102 (Sale by Nonprofit Organization at County Fair).

***House Bill 3086 — effective May 31, 2019***

Clarified the existing exemption for certain items used in the production of motion picture, video and audio master recording. Items that are necessary and essential to or that become a component of a master recording are exempt from sales and use tax if a copy of the master recording is sold, offered for ultimate sale, licensed, distributed, broadcast or otherwise exhibited for consideration.

The bill defined a “master recording” as “the principal media on which images, sound, or a combination of images and sound were first fixed and from which copies were commercially made available.”

Amended Tax Code Section 151.3185 (Property Used in the Production of Motion Pictures or Video or Audio Recordings and Broadcasts).

***House Bill 3386 — effective Oct. 1, 2019***

Tax Code Section 151.3101(a)(4) provided an exemption from sales and use tax for certain amusement services. Provided that amusement services are exclusively provided under that section if provided at a specified multipurpose arena or venue located within or adjacent to a recognized cultural district under Tax Code Chapter 351.1015(a)(5)(B).

Amended Tax Code Section 151.3101 (Amusement Services Exemptions).

***House Bill 3745 — effective Aug. 30, 2019***

The Texas Emissions Reduction Plan (TERP) Surcharge is a 1.5% surcharge imposed on the retail sale, lease or rental of specified off-road heavy-duty diesel equipment. House Bill 3745 extends the expiration of the TERP Surcharge from Aug. 31, 2019, to the last day of the fiscal biennium in which the state attains compliance with federal ambient air quality standards for ground-level ozone.

Amended Tax Code Section 151.0515 (Texas Emissions Reduction Plan Surcharge).

***House Bill 4032 — effective Sept. 1, 2019***

Changed the length of vessels in the definition of boats subject to tax under Tax Code Chapter 160 from not more than 65 feet to not more than 115 feet in length, measured from the tip of the bow in a straight line to the stern. Vessels between 65 and 115 feet are now subject to boat and boat motor sales tax under Chapter 160, instead of the general sales and use tax imposed under Tax Code Chapter 151. This includes both commercial and noncommercial boats, regardless of who sold the boat.

Created an exemption for boats and motors sold for use in another state if the boat or motor:

- is removed from this state within 10 days of purchase;
- is placed in a repair facility for repairs or modifications within 10 days of purchase and removed from this state within 20 days of completion of the repairs or modifications; or
- displays a temporary use permit and is removed from this state within 90 days of purchase.

**APPENDIX C (continued)**  
**Summary of Legislative Changes to the**  
**Texas Sales and Use Tax Rate and Base**

Amended Parks and Wildlife Code Sections 31.003 (Definitions), 31.006 (Appointment of Authorized Agent), 31.037 (Change in Ownership Interest; Notice to Department), 31.041 (Dealer's, Distributor's, and Manufacturer's License), 31.046 (Application for Certificate of Title) and 31.053 (Transfers of Vessels and Outboard Motors).

Amended Tax Code Sections 160.001 (Definitions) and 160.041 (Collection Procedure).

Added Tax Code Sections 160.0246 (Exemption for Certain Boats and Motors Temporarily Used in This State), 160.0247 (Temporary Use Permit) and 160.026 (Limitation on Amount of Tax).

***House Bill 4542 — effective Sept. 1, 2019***

Required brewpubs, as licensed under Chapter 74 of the Alcoholic Beverage Code, to report monthly alcoholic beverage sales to retailers to the Comptroller's office.

Required a Retail Inventory Tracking System (RITS) request to be sufficiently detailed to protect the confidentiality of another person's sales information. The bill gives authority to the Comptroller's office to adopt administrative rules for RITS, including rules requiring a person requesting RITS reports to file reports on the distribution of their products to other persons.

Added Tax Code Section 151.4661 (Applicability to Certain Brewpubs).

Amended Tax Code Sections 111.006 (Confidentiality of Information), 151.461 (Definitions), 151.462 (Reports by Brewers, Manufacturers, Wholesalers, and Distributors), 151.468 (Civil Penalty; Criminal Penalty) and 151.470 (Audit; Inspection).

***House Bill 4542 — effective Sept. 1, 2019***

Defined "individual" as a natural person. This definition applied to taxes imposed under Title 2, Tax Code.

Added Tax Code Section 111.0023 (Definition of Individual).

***Senate Bill 1214 — effective Sept. 1, 2019***

Removes the 30-mile limitation for travel to and from a location to perform specified agricultural services from the determination of whether an aircraft is exclusively used for agricultural purposes.

Amends Tax Code Section 151.328 (Aircraft).

***Senate Bill 1525 — effective June 10, 2019***

A cleanup of legislative changes made in Senate Bill 1, 82nd Legislature, First Called Session, 2011. It clarified and codified current Comptroller's office policies and practices related to the sales and use tax exemption for sale for resale. The bill repealed the sales and use tax exemption for amusement and personal services provided through coin-operated machines operated by the consumer and provided that these services are not taxable services. Toys or prizes purchased for use in coin-operated amusement machines cannot be purchased for resale, and coin-operated laundry services remain a nontaxable service.

Clarified when a taxable item integral to the performance of a contract with a nonprofit organization or with the federal government may be purchased tax free for resale.

The bill clarified that the same exemption applies to governmental entities and nonprofit entities such as churches, with a special exemption for defense contractors. The bill ensured repairmen can purchase parts used to repair exempt equipment, such as agricultural equipment, tax free for resale.

Clarified that tangible personal property such as sand, chemicals and fluids used to perform an oil well service taxable under Tax Code Chapter 191 cannot be purchased for resale.

**APPENDIX C (continued)**  
**Summary of Legislative Changes to the**  
**Texas Sales and Use Tax Rate and Base**

Clarified the sales and use exemption for the repair, remodel, maintenance or restoration of tangible personal property, such as x-ray equipment, required by statute or ordinance to protect the environment. Labor is exempt if the charge for the labor is billed separately from the materials. Sixty-five% of a lump-sum charge for labor and materials is exempt for a health care facility defined by Health and Safety Code Section 108.002 or an oncology center.

Amended Tax Code Sections 151.0028 (“Amusement Service”), 151.0045 (“Personal Services”), 151.006 (“Sale for Resale”) and 151.338 (Environment and Conservation Services).

Repealed Tax Code Section 151.335 (Coin-operated Services).

**2021 The 87th Legislature, Regular Session**

***House Bill 1445 — effective Jan. 1, 2022 (treated as effective immediately)***

Amended the definition of taxable insurance services to exclude medical or dental billing services performed prior to the original submission of a medical or dental insurance claim.

Amended Tax Code Section 151.0039 (“Insurance Service”).

***House Bill 3799 — effective Oct. 1, 2021***

Clarified that a county fair association or another nonprofit entity may make tax-free sales at a county fair that is held on property owned by the county.

Amended Tax Code Section 151.3102 (Sale by Nonprofit Organization at County Fair).

***Senate Bill 153 — effective Oct. 1, 2021***

Clarified that certain types of payment processing are excluded from the definition of taxable data processing. The exclusion applies to the settling of electronic payment transactions by a downstream payment processor or point-of-sale payment processor, a money transmitter, a federally insured financial institution, a person sponsored by such a financial institution to settle electronic payment transactions, or a payment card network. The bill also excludes services exclusively used to encrypt electronic payment information for acceptance onto a payment card network to comply with the standards set by the Payment Card Industry Security Standards Council. The exclusion does not apply to charges by a marketplace provider.

Amended Tax Code Section 151.0035 (“Data Processing Service”).

***Senate Bill 197 — effective on Oct. 1, 2021***

Allowed nonprofit animal welfare organizations, as defined in the Health and Safety Code, to make animal sales and adoptions tax free. Prior to SB 197, only nonprofit animal shelters could make animal sales and adoptions tax free.

Amended Tax Code Section 151.343 (Animals Sold by Nonprofit Animal Shelters or Nonprofit Animal Welfare Organizations).

***Senate Bill 296 — effective June 7, 2021***

Extended the period that taxpayers must provide resale and exemption certificates from 60 days to 90 days after receiving written notice from the Comptroller’s office. The taxpayer and the Comptroller’s office may agree on a date later than the 90 days for provision of the certificates.

Amended Tax Code Sections 151.054 (Gross Receipts Presumed Subject to Tax) and 151.104 (Sale for Storage, Use, or Consumption Presumed).

**APPENDIX C (continued)**  
**Summary of Legislative Changes to the**  
**Texas Sales and Use Tax Rate and Base**

***Senate Bill 313 — effective Sept. 1, 2021***

Exempted firearm safety equipment from sales and use tax. The bill provides that “firearm safety equipment” includes a gun lockbox, a gun safe, a barrel lock, a trigger lock, firearm safety training manual or electronic publication, and other items designed to ensure the safe handling or storage of a firearm.

Added Tax Code Section 151.3131 (Firearm Safety Equipment).

***Senate Bill 477 — Effective Oct. 1, 2021***

Allowed a marketplace provider to take, on behalf of a marketplace seller, the sales tax deduction generally allowed for the resale of tickets and admission documents to amusement services. The marketplace seller must certify that he or she paid the tax due on the original purchase.

Clarified that the occasional sales exemption does not apply to marketplace sales.

***Senate Bill 477 — Effective July 1, 2022***

Required a marketplace provider that sells lead-acid batteries to collect the applicable fee associated with that sale.

Required marketplace providers to collect the prepaid 9-1-1 emergency service fee on the sale of prepaid wireless telecommunications services.

Amended Tax Code Sections 151.0242 (Marketplace Providers and Marketplace Sellers), 151.304 (Occasional Sales), 321.203(e-1) (Consummation of Sale) and 323.203(e-1) (Consummation of Sale), and Health and Safety Code Sections 361.138 (Fee on the Sale of Batteries) and 771.0712 (Prepaid 9-1-1 Emergency Service Fee).

***Senate Bill 586 — effective Sept. 1, 2021***

Added distributors to the list of entities required to file an annual report with the Comptroller’s office listing each warranty issued for a new, off-highway vehicle that was sold to a Texas resident by a retailer located outside the state in the preceding calendar year. Currently, only manufacturers are required to file reports. The bill also authorizes the Comptroller’s office to audit, inspect or verify a distributor’s compliance with these provisions.

Amended Tax Code Sections 151.481 (Definitions), 151.482 (Reports by Manufacturers and Distributors), 151.485 (Civil Penalty), 151.486 (Action by Texas Department of Motor Vehicles) and 151.487 (Audit; Inspection).

***Senate Bill 609 — effective Sept. 1, 2021***

Established the Texas Music Incubator Program. The program will allow eligible music venues and eligible music festival promoters to apply for a rebate of the mixed beverage gross receipts tax and sales tax paid on the sale of alcoholic beverages in the preceding fiscal year, up to a maximum of \$100,000. The program will be administered by the Governor’s office. The Comptroller’s office will issue refunds of rebates approved by the Governor’s office from the newly created Texas Music Incubator GR Account in the General Revenue Fund. The program may provide rebates until all the money in the Texas Music Incubator GR Account is exhausted. The bill requires the Governor’s office to establish the program and begin accepting applications by Sept. 1, 2022.

Amended Government Code Chapter 485 (Music, Film, Television, and Multimedia Industries).

***Senate Bill 833 — effective Sept. 1, 2021***

Allowed a person who files an oil or gas producer’s report or first purchaser’s report, and who does not hold a sales tax permit, to file a refund claim for sales taxes paid in error directly with the Comptroller’s office, instead of with the seller as generally required by Tax Code Section 111.104. The seller must be a sales tax permit holder. However, an assignment of right to refund from the seller is not required.

Added Tax Code Section 151.4305 (Tax Refunds for Oil or Gas Severance Taxpayers).

**APPENDIX C (concluded)**  
**Summary of Legislative Changes to the**  
**Texas Sales and Use Tax Rate and Base**

***Senate Bill 1524 — effective Jan. 1, 2022***

Created a sales and use tax refund for businesses that employ qualified apprentices. An employer may not apply for a refund under this section unless the executive director of the Texas Workforce Commission certifies that the employer is able to employ apprentices in qualified apprenticeships. The refund amount is limited to not more than \$2,500 per qualified apprentice position per calendar year. An employer may have up to six apprentices if it meets the requirements. The employer must apply with the Comptroller's office for the refund and include the certification from the Texas Workforce Commission. The refund program expires Dec. 31, 2026.

Added Tax Code Section 151.4292 (Tax Refund Pilot Program for Certain Persons Who Employ Apprentices).



**APPENDIX D-1**  
**State Tax Comparisons for 2021**  
**Ranked by Per Capita Tax Collections**

Rank	State	State Tax Collections (in millions)	Per Capita State Tax Collections
1	Vermont	\$ 4,103	\$ 6,356
2	California	248,188	6,325
3	Connecticut	22,067	6,120
4	Minnesota	32,032	5,612
5	Hawaii	8,047	5,582
6	Delaware	5,396	5,378
7	Massachusetts	36,522	5,229
8	North Dakota	3,909	5,044
9	New York	93,755	4,727
10	New Jersey	43,683	4,714
11	Illinois	55,532	4,382
12	Washington	33,173	4,287
13	Oregon	17,800	4,192
14	Maryland	25,221	4,091
15	Rhode Island	4,361	3,981
16	Maine	5,453	3,974
17	Kansas	11,616	3,958
18	Iowa	12,613	3,950
19	Indiana	26,673	3,919
20	Arkansas	11,764	3,888
21	Pennsylvania	49,720	3,835
22	Utah	12,632	3,784
23	Wisconsin	22,301	3,782
24	Virginia	32,334	3,741
25	Montana	3,931	3,560
26	Nebraska	6,961	3,545
27	New Mexico	7,472	3,531
28	Michigan	34,533	3,436
29	Idaho	6,472	3,405
30	West Virginia	6,050	3,393
31	Nevada	10,601	3,372
32	Colorado	19,258	3,313
33	North Carolina	34,712	3,290
34	Wyoming	1,883	3,253
35	Kentucky	14,649	3,249
36	Mississippi	9,353	3,171
37	Ohio	34,909	2,963
38	Tennessee	20,002	2,868
39	Arizona	20,851	2,866
40	Oklahoma	11,366	2,851
41	Alabama	14,255	2,829
42	Louisiana	12,257	2,651
43	Georgia	27,851	2,579
44	South Carolina	13,286	2,560
45	Missouri	15,103	2,449
46	South Dakota	2,150	2,401
47	New Hampshire	3,232	2,327
48	Florida	49,314	2,264
<b>49</b>	<b>Texas</b>	<b>65,377</b>	<b>2,214</b>
50	Alaska	1,083	1,479
<b>All State, Total</b>		<b>\$1,265,806</b>	<b>n.a.</b>
<b>All State, Mean</b>		<b>\$25,316</b>	<b>\$3,733</b>
<b>All State, Median</b>		<b>\$14,452</b>	<b>\$3,553</b>

Note: The Per Capita measure uses 2021 population estimated from the Census.

Source: Federation of Tax Administrators; Glenn Hegar, Texas Comptroller.

**APPENDIX D-2**  
**State Tax Rate Comparisons – Calendar Year 2022**

State	Sales and Use Rate	Sales and Use Rank	Motor Vehicle Sales/Excise Rate	Motor Vehicle Sales/Excise Rank	Cigarette (\$ per pack of 20) Rate	Cigarette (\$ per pack of 20) Rank	Other Tobacco Products Rate / Base
Alabama	4.00	40	2.00	45	0.675	40	3.0¢-40.5¢/10 cigars 2¢-6¢/ounce tobacco/snuff
Alaska	-	-	-	-	2.00	18	75% wholesale price
Arizona	5.60	28	5.60	26	2.00	18	22.01¢-\$2.18/10 cigars 22.3¢/ounce tobacco/snuff
Arkansas	6.50	9	6.50	11	1.15	35	68% manufacturer's price
California	7.25	1	7.25	2	2.87	12	63.49% wholesale price
Colorado	2.90	45	2.90	44	1.94	23	40% manufacturer's price
Connecticut	6.35	12	6.35	13	4.35	1	50% wholesale price
Delaware	-	-	-	-	2.10	16	30% wholesale price
Florida	6.00	17	6.00	17	1.339	32	85% wholesale price tobacco/snuff
Georgia	4.00	40	6.60	10	0.37	49	2.5¢/10 little cigars 23% wholesale price other cigars 10% wholesale price tobacco
Hawaii	4.00	40	4.00	37	3.20	7	50% wholesale price large cigars 70% wholesale price tobacco/snuff
Idaho	6.00	17	6.00	17	0.57	45	40% wholesale price
Illinois	6.25	13	6.25	14	2.98	11	36% wholesale price
Indiana	7.00	2	7.00	3	0.995	38	24% wholesale price
Iowa	6.00	17	5.00	29	1.36	31	50% wholesale price
Kansas	6.50	9	7.50	1	1.29	34	10% wholesale price
Kentucky	6.00	17	6.00	17	1.10	36	15% wholesale price
Louisiana	4.45	38	4.45	34	1.08	37	8%-20% manufacturer's price cigars 20%-33% manufacturer's price snuff/smoking tobacco
Maine	5.50	29	5.50	27	2.00	18	\$2.02/ounce chewing tobacco/snuff 43% wholesale price smoking tobacco/cigars
Maryland	6.00	17	6.00	17	3.75	4	53% wholesale price tobacco/snuff 70% wholesale price cigars
Massachusetts	6.25	13	6.25	14	3.51	5	40% wholesale price
Michigan	6.00	17	6.00	17	2.00	18	32% wholesale price
Minnesota	6.88	6	6.50	11	3.04	9	95% wholesale price
Mississippi	7.00	2	5.00	29	0.68	39	15% manufacturer's price
Missouri	4.23	39	4.23	35	0.17	50	10% manufacturer's price
Montana	-	-	-	-	1.70	26	50% wholesale price
Nebraska	5.50	29	5.50	27	0.64	41	20% wholesale price
Nevada	6.85	7	6.85	7	1.80	24	30% wholesale price
New Hampshire	-	-	-	-	1.78	25	65.03% wholesale price
New Jersey	6.63	8	6.63	9	2.70	13	30% wholesale price
New Mexico	5.125	32	4.00	37	2.00	18	25% product value
New York	4.00	40	4.00	37	4.35	1	75% wholesale price
North Carolina	4.75	35	3.00	43	0.45	47	12.8% wholesale price
North Dakota	5.00	33	5.00	29	0.44	48	28% wholesale price cigars/tobacco 16¢-60¢/ounce chew tobacco/snuff
Ohio	5.75	27	5.75	25	1.60	28	17% wholesale price
Oklahoma	4.50	36	3.25	42	2.03	17	\$1.20/10 cigars 60-80% factory list price snuff/tobacco
Oregon	-	-	-	-	3.33	6	65% wholesale price
Pennsylvania	6.00	17	6.00	17	2.60	14	\$0.55/ounce tobacco (little cigars taxed as cig.)
Rhode Island	7.00	2	7.00	3	4.25	3	80% wholesale price
South Carolina	6.00	17	5.00	29	0.57	45	5% manufacturer's price

**APPENDIX D-2 (continued)**  
**State Tax Rate Comparisons – Calendar Year 2022**

State	Gasoline (cents per gallon) Rate	Gasoline (cents per gallon) Rank	Diesel Fuel (cents per gallon) Rate	Diesel Fuel (cents per gallon) Rank	Beer Excise Tax (dollars per gallon) Rate	Beer Excise Tax (dollars per gallon) Rank	Wine Excise Tax (dollars per gallon) Rate	Wine Excise Tax (dollars per gallon) Rank	Spirits Excise Tax (dollars per gallon) Rate	Spirits Excise Tax (dollars per gallon) Rank
Alabama	28.0	19	29.0	19	0.53	6	1.70	4	**	-
Alaska	8.0	50	8.0	49	1.07	2	2.50	1	12.80	2
Arizona	18.0	43	26.0	27	0.16	32	0.84	21	3.00	23
Arkansas	21.5	36	22.5	34	0.23	24	0.75	24	2.50	26
California	51.1	2	38.9	7	0.20	25	0.20	47	3.30	20
Colorado	22.0	35	20.5	39	0.08	44	0.28	44	2.28	30
Connecticut	25.0	25	40.1	6	0.24	22	0.79	22	5.94	8
Delaware	23.0	30	22.0	36	0.26	19	1.63	6	4.50	13
Florida	19.0	41	19.0	44	0.48	7	2.25	2	6.50	4
Georgia	29.1	17	32.6	12	0.32	14	1.51	7	3.79	17
Hawaii	16.0	46	16.0	47	0.93	3	1.38	11	5.98	7
Idaho	32.0	11	32.0	14	0.15	35	0.45	35	**	-
Illinois	39.2	4	46.7	5	0.23	23	1.39	10	8.55	3
Indiana	32.0	11	53.0	2	0.12	40	0.47	34	2.68	25
Iowa	30.0	15	32.5	13	0.19	28	1.75	3	**	-
Kansas	24.0	28	26.0	28	0.18	29	0.30	39	2.50	26
Kentucky	24.6	27	21.6	37	0.08	45	0.50	32	1.92	32
Louisiana	20.0	38	20.0	41	0.40	11	0.76	23	3.03	22
Maine	30.0	15	31.2	16	0.35	13	0.60	28	**	-
Maryland	36.1	8	36.9	10	0.09	43	0.40	37	1.50	33
Massachusetts	24.0	28	24.0	31	0.11	41	0.55	29	4.05	15
Michigan	27.2	21	27.2	23	0.20	26	0.51	31	**	-
Minnesota	28.5	18	28.5	20	0.148	36	0.30	40	5.03	12
Mississippi	18.0	43	18.0	46	0.4268	8	0.35	38	**	-
Missouri	19.5	40	19.5	43	0.06	48	0.42	36	2.00	31
Montana	32.5	10	29.55	18	0.14	37	1.02	13	**	-
Nebraska	24.8	26	24.8	30	0.31	15	0.95	16	3.75	18
Nevada	23.0	30	27.0	24	0.16	33	0.70	26	3.60	19
New Hampshire	22.2	34	22.2	35	0.30	16	0.30	41	**	-
New Jersey	10.5	48	13.5	48	0.12	39	0.88	19	5.50	10
New Mexico	17.0	45	21.0	38	0.41	10	1.70	5	6.06	6
New York	8.1	49	8.0	50	0.14	38	0.30	42	6.44	5
North Carolina	38.5	5	38.5	8	0.6171	5	1.00	14	**	-
North Dakota	23.0	30	23.0	32	0.16	34	0.50	33	2.50	26
Ohio	38.5	6	47.0	4	0.18	30	0.30	43	**	-
Oklahoma	19.0	41	19.0	45	0.40	12	0.72	25	5.56	9
Oregon	38.0	7	38.0	9	0.08	46	0.67	27	**	-
Pennsylvania	57.6	1	74.1	1	0.08	47	**	-	**	-
Rhode Island	34.0	9	34.0	11	0.11	42	1.40	9	5.40	11
South Carolina	26.0	23	26.0	29	0.77	4	0.90	18	2.72	24

**APPENDIX D-2 (continued)**  
**State Tax Rate Comparisons – Calendar Year 2022**

State	Sales and Use Rate	Sales and Use Rank	Motor Vehicle Sales/Excise Rate	Motor Vehicle Sales/Excise Rank	Cigarette (\$ per pack of 20) Rate	Cigarette (\$ per pack of 20) Rank	Other Tobacco Products Rate / Base
South Dakota	4.50	36	4.00	37	1.53	29	35% wholesale price
Tennessee	7.00	2	7.00	3	0.62	42	6.6% wholesale price
<b>TEXAS</b>	<b>6.25</b>	<b>13</b>	<b>6.25</b>	<b>14</b>	<b>1.41</b>	<b>30</b>	<b>1.0¢-15.0¢/10 cigars \$1.22/ounce tobacco/snuff</b>
Utah	6.10	16	6.96	6	1.70	28	86% manufacturer's price
Vermont	6.00	17	6.00	17	3.08	8	92% wholesale price \$20-\$40/10 cigars, based on price \$2.57/ounce tobacco/snuff
Virginia	5.30	31	4.15	36	0.60	43	20% manufacturer's price
Washington	6.50	9	6.80	8	3.025	10	95% wholesale price
West Virginia	6.00	17	6.00	17	1.20	34	12% wholesale price
Wisconsin	5.00	33	5.00	29	2.52	15	71% manufacturer's price
Wyoming	4.00	40	4.00	37	0.60	43	20% wholesale price
<b>National Average</b>	<b>5.65</b>		<b>5.49</b>		<b>1.86</b>		

**APPENDIX D-2 (concluded)**  
**State Tax Rate Comparisons – Calendar Year 2022**

State	Gasoline (cents per gallon) Rate	Gasoline (cents per gallon) Rank	Diesel Fuel (cents per gallon) Rate	Diesel Fuel (cents per gallon) Rank	Beer Excise Tax (dollars per gallon) Rate	Beer Excise Tax (dollars per gallon) Rank	Wine Excise Tax (dollars per gallon) Rate	Wine Excise Tax (dollars per gallon) Rank	Spirits Excise Tax (dollars per gallon) Rate	Spirits Excise Tax (dollars per gallon) Rank
South Dakota	28.0	19	28.0	21	0.27	17	0.93	17	3.93	16
Tennessee	26.0	23	27.0	25	1.29	1	1.21	12	4.40	14
<b>TEXAS</b>	<b>20.0</b>	<b>38</b>	<b>20.0</b>	<b>42</b>	<b>0.194</b>	<b>27</b>	<b>0.204</b>	<b>46</b>	<b>2.40</b>	<b>29</b>
Utah	31.9	13	31.9	15	0.4226	9	**	-	**	-
Vermont	12.1	47	28.0	22	0.265	18	0.55	30	**	-
Virginia	26.2	22	27.0	26	0.2565	21	1.51	8	**	-
Washington	49.4	3	49.4	3	0.26	20	0.87	20	14.27	1
West Virginia	20.5	37	20.5	40	0.18	31	1.00	15	**	-
Wisconsin	30.9	14	30.9	17	0.06	49	0.25	45	3.25	21
Wyoming	23.0	30	23.0	33	0.02	50	**	-	**	-
<b>National Average</b>	<b>26.53</b>		<b>28.46</b>		<b>0.29</b>		<b>0.86</b>		<b>4.59</b>	

\*\*Control states, where the government controls all sales. Products can be subject to ad valorem markup and excise taxes.

Sources:

Sales and Use Tax: Federation of Tax Administrators (FTA). Rates as of Jan. 1, 2022.

Motor Vehicle Sales Tax: Assorted state government websites. Rates as of mid-year 2022.

Other Tobacco Product Taxes: FTA; Rates as of Jan. 1, 2022.

Gasoline and Diesel Tax: FTA; Rates as of Jan. 1, 2022.

Beer, Wine and Distilled Spirits Taxes: FTA; Rates as of Jan. 1, 2022.

**APPENDIX D-3**  
**State Corporate Business Tax Comparisons as of January 2022**

State	Rate	Comment	Mandatory Combined Reporting	Apportionment
Alabama	6.5%		No	*Sales
Alaska	Graduated rates ranging from 0% to 9.4% divided over 10 tax brackets.		Yes	* Three-Factor
Arizona	4.9%	\$50 minimum tax.	Yes	*Sales/Double weighted Sales
Arkansas	Graduated rates ranging from 1.0% to 5.9% divided over 6 tax brackets.		No	*Sales
California	8.84%	\$800 minimum tax. 10.84% rate on banks and financial corporations.	Yes	*Sales
Colorado	4.55%		Yes	*Sales
Connecticut	Greater of: • 7.5% of net income; • 0.31% of capital holding (with a \$1 million maximum).  10% surcharge imposed through tax year 2022.	\$250 minimum tax.	Yes	Sales
District of Columbia	8.25%	\$250 minimum tax for gross receipts of \$1 million or less. \$1,000 minimum tax for gross receipts over \$1 million.	Yes	Sales
Delaware	8.7%	Banks and trust companies pay bank franchise tax. Graduated rate decreases from 8.7% to 1.7% divided over 4 tax brackets.  Banks and trust companies may elect to pay an alternative franchise tax with a tax range from 7%-5%	No	Sales
Florida	5.5%		No	Double weighted Sales
Georgia	5.75%		No	Sales
Hawaii	Graduated rates from 4.4% to 6.4% divided over 3 tax brackets.  Tax on capital gains is imposed at rate of 4%.	7.92% franchise tax, in lieu of corporate income tax, on financial institutions.	Yes	*Three-Factor
Idaho	6.5%	\$20 minimum tax.  Taxpayers with gross sales in Idaho under \$100,000 and with no property or payroll in the state may elect to pay 1% on such sales (instead of the tax on corporate net income).	Yes	*Double weighted Sales
Illinois	9.5%	Rate composed of 7.0% corporate income tax plus 2.5% personal property replacement tax for corporations (1.5% for other forms of businesses).	Yes	*Sales
Indiana	4.9%	5% on financial institutions.	No	Sales
Iowa	Graduated rates ranging from 5.5% to 9.8% divided over 3 tax brackets.	5% franchise tax on financial institutions.	No	Sales
Kansas	4% plus 3% surtax on taxable income over \$50,000	2.25% privilege tax on net income of financial institutions, plus a surtax (2.125% for banks; 2.25% for trust companies, savings and loans associations, and federally chartered savings banks) for net income in excess of \$25,000.	Yes	*Three-Factor
Kentucky	5%		Yes	*Sales
Louisiana	Graduated rates ranging from 3.5% to 7.5% divided over 3 tax brackets.		No	Sales
Maine	Graduated rates ranging from 3.5% to 8.93% divided over 4 tax brackets.	Financial institutions franchise tax: 1% of state net income, plus 8¢ per \$1,000 of assets attributable to state sources; or 39¢ per \$1,000 of assets attributable to state sources.	Yes	*Sales

**APPENDIX D-3 (continued)**  
**State Corporate Business Tax Comparisons as of January 2022**

State	Rate	Comment	Mandatory Combined Reporting	Apportionment
Maryland	8.25%		No	Sales
Massachusetts	8% plus greater of \$2.60 per \$1,000 on taxable in-state tangible property or net worth allocable to the state.	\$456 minimum tax. For financial institutions, the rate is 9%.	Yes	Sales/Double weighted Sales
Michigan	6%		Yes	Sales
Minnesota	9.8% plus surcharge up to \$10,480. 5.8% alternative minimum tax for corporations with income over \$40,000		Yes	Sales
Mississippi	Graduated rates ranging from 0% to 5.0% divided over 3 tax brackets.	There is a minimum franchise amount of \$25.	No	Sales/Other (1)
Missouri	4%	For financial institutions, the rate is 4.48%.	No	*Sales
Montana	6.75% (7% for taxpayers that use water's edge combination)	Taxpayers whose only activity in the state is making sales and who make \$100,000 or less of in-state sales may pay 0.5% on such sales. \$50 minimum tax.	Yes	*Double weighted Sales
Nebraska	\$0 - 100,000: 5.58% Over \$100,000: \$5,580 plus 7.81%		Yes	Sales
Nevada	Commerce Tax imposed on businesses with gross receipts over \$4 million. This gross receipts tax has 27 possible tax rates varying according to NAICS code. Rates range from 0.051% to 0.331%.		No	No State Income Tax
New Hampshire	7.6% of taxable business profits for businesses with gross income over \$92,000  Business Enterprise Tax: 0.55% of business enterprise value base (total compensation, interest, and dividends paid) for businesses with gross income over \$250,000 or enterprise value base over \$250,000		Yes	Double weighted Sales (2)
New Jersey	Graduated rates ranging from 6.5% to 9% divided over 3 tax brackets.  Additional fixed dollar minimum tax applies based on gross receipts and ranges from \$500 to \$2,000 (\$375 to \$1,500 for S corporations).	\$2,000 minimum tax for members of affiliated or controlled group with total payroll of \$5 million or more, regardless of the member's gross receipts.	Yes	Sales
New Mexico	\$0-\$499,999: 4.8% Over \$500,000: \$24,000 plus 5.9%	\$50 minimum tax.	Yes	*Three-Factor/Sales
New York	<ul style="list-style-type: none"> <li>• 7.25% for General business taxpayers with income greater than \$5 million;</li> <li>• 6.5% for most other General business taxpayers;</li> <li>• 4.875% for qualified emerging technology companies (QETCs);</li> <li>• 0% for qualified in-state manufacturers;</li> <li>• capital tax base of 0.1875% (0% for qualified in-state manufacturers and QETCs).</li> </ul>	There are fixed dollar minimum tax rates ranging from \$25-\$200,000 depending on type of business receipts.	Yes	Sales
North Carolina	2.5%	Corporate income tax on C Corporations doing business in North Carolina beginning with the 2025 tax year will be: 2025: 2.25% 2026 2% 2028 % After 2029 0%	No	*Sales
North Dakota	Graduated rates ranging from 1.41% to 4.31% divided over 3 tax brackets.  3.5% additional surtax for water's edge combined reporting groups		Yes	*Three-Factor/Sales

**APPENDIX D-3 (continued)**  
**State Corporate Business Tax Comparisons as of January 2022**

State	Rate	Comment	Mandatory Combined Reporting	Apportionment
Ohio	Commercial Activity Tax (CAT): \$150 plus 0.26% on gross receipts over \$1 million.  Annual minimum tax ranging from \$150 to \$2,600.	Financial Institutions Tax (FIT).  Greater of: <ul style="list-style-type: none"> <li>• 8 mills (.008) on the first \$200 million in apportioned total equity capital;</li> <li>• 4 mills (.004) on apportioned total equity capital greater than \$200 million and less than \$1.3 billion;</li> <li>• 2.5 mills (.0025) on apportioned total equity; capital equal to or greater than \$1.3 billion; or</li> <li>• \$1,000</li> </ul>	No	N/A (3)
Oklahoma	4%		No	Three-Factor
Oregon	Corporate Activity Tax (CAT): \$250 plus 0.57% on Oregon gross receipts over \$1 million.  Corporate Income Tax is: <ul style="list-style-type: none"> <li>• 6.6% on first \$1 million;</li> <li>• 7.6% on taxable income over \$1 million plus \$66,000.</li> </ul> Corporate Excise Tax is greater of: <ul style="list-style-type: none"> <li>• 6.6% on first \$1 million;</li> <li>• 7.6% on taxable income over \$1 million plus \$66,000; or</li> <li>• fixed dollar minimum tax ranging from \$150 to \$100,000 based on Oregon sales</li> </ul>	A corporation will pay either an income tax or excise tax. Excise tax is the most common. Most corporations don't qualify for Oregon's income tax.	Yes	Sales
Pennsylvania	9.99%		No	Sales
Rhode Island	Greater of: <ul style="list-style-type: none"> <li>• net income tax of 7%; or</li> <li>• minimum tax of \$400</li> </ul>	For financial institutions, greater of 9% net income tax rate; or minimum tax of \$100.	Yes	Sales
South Carolina	5%	4.5% rate on financial institutions. South Carolina also taxes savings and loans at a rate of 6%.	No	Sales
South Dakota	Does not impose a corporate business tax	Bank franchise tax applies to financial institutions. The tax is based on the institution's net income and is assessed at a series of progressively lower marginal rates ranging from 6% on income of \$400 million or less down to 0.25% on income over \$1.2 billion. There is a minimum tax of \$200 per bank location.	No	No State Income Tax
Tennessee	.25% of greater of net worth or real and tangible property. Minimum tax is \$100  Excise tax 6.5% of all in state taxable income		No	Triple weighted Sales
Texas	Franchise Tax: 0.75% for most entities; 0.375% for qualifying entities in retail or wholesale trade; 0.331% for entities with \$20 million or less in total (unapportioned) revenue and electing to use the E-Z computation.	A taxable entity pays on the entity's Texas-apportioned margin. The term "margin" is defined as total revenue less the greater of costs of goods sold, total compensation, 30% of total revenue, or \$1 million.	Yes	Sales
Utah	4.95%	\$100 minimum tax.	Yes	Sales
Vermont	Graduated rates ranging from 6% to 8.5% divided over 3 tax brackets.	Minimum tax of \$300 to \$750 based on Vermont gross receipts.	Yes	Double weighted Sales
Virginia	6%	Telecommunications companies: Greater of tax using corporate rate or 0.5% minimum tax on gross receipts. Electric suppliers: Greater of tax using corporate rate or 1.45% minimum tax on gross receipts.  Minimum tax for banks ranges from \$75 - \$750.	No	Double weighted Sales/Sales

**APPENDIX D-3 (concluded)**  
**State Corporate Business Tax Comparisons as of January 2022**

State	Rate	Comment	Mandatory Combined Reporting	Apportionment
Washington	Business and Occupation (B&O) Tax: A gross receipts tax with multiple rates; rates vary by the reporting firm's industry. Rates range from a low of 0.00471 to the highest rate of 0.0175. Seventeen tax classifications and associated tax rates span the range of taxable business activities. For taxpayers with less than \$1 million in gross income, the rate is 1.5% of the gross income.		No	No State Income Tax
West Virginia	6.5%		Yes	*Sales
Wisconsin	7.9%	Economic development surcharge ranging from \$25 - \$9,800 if gross receipts are \$4 million or more.	Yes	*Sales
Wyoming	Does not impose a corporate business tax		No	No State Income Tax

Note: Six states — Nevada, Ohio, South Dakota, Texas, Washington, and Wyoming — do not have a corporate income tax. Of those, four — Nevada, Ohio, Texas, and Washington — have alternative corporate business taxes. South Dakota and Wyoming have no state corporate business tax.

Sources: CCH, Inc.; Federation of Tax Administrators; Tax Foundation; Tax Policy Center, Brookings Institution/Urban Institute; assorted state government websites; Glenn Hagar, Texas Comptroller

Apportionment column has been compiled by Federation of Tax Administrators from state sources. The formulas listed are for general manufacturing businesses. Some industries have a special formula different from the one shown.

\* State has adopted substantial portions of the UDITPA (Uniform Division of Income Tax Purposes Act).

Slash (/) separating two formulas indicates taxpayer option or specified by state rules.

Three-Factor = sales, property, and payroll equally weighted.

Double weighted Sales = 3 factors with sales double-weighted.

Sales = single sales factor required if no specific business formula is specified.

(1) Mississippi provides different apportionment formulas based on specific type of business. A single sales factor formula is required if no specific business formula is specified.

(2) New Hampshire will use a Single Sales Factor for tax years ending on or after 12/31/22.

(3) Ohio Tax Department publishes specific rules for situs of receipts under the CAT tax.

**APPENDIX E**  
**State Professional Fees Detail as of Fiscal 2022**

Occupation	Description	Origin Date	Legal Cites	Collecting Agencies	Deposit Funds
Accountants	<p>The board may charge fees to a person who practices public accountancy. The board shall set the fee for the issuance of a certificate and for the renewal of a license in an amount not to exceed \$250. For late renewals under 90 days the fee is 1½ times the normal renewal fee. For 91 days to 1 year it is twice the fee. Over 1 year but less than 2 is 3 times the fee. An additional \$10 fee is paid with the license fee for the 5th Year Accounting Students Scholarship Program.</p> <p>License for a firm is set by the board, not-to-exceed \$25 per employee.</p> <p>The board may charge examination fees only to cover the administrative costs of the exams. They may charge up to \$100 for filing an application for examination. The board may charge up to \$50 for transferring exam credits to another jurisdiction and up to \$100 for receiving credits from another jurisdiction.</p> <p>The board may charge a firm up to \$200 per peer review performed.</p>	1915 by the 34th Leg. R.S.	TEX. OCC. CODE ANN. ch. 901	457 - Texas State Board of Public Accountancy	An account with the Texas Treasury Safekeeping Trust Company
Acupuncture	<p>Person may not practice acupuncture in this state unless they hold license issued by medical board. Board shall set and collect fees to cover administration and enforcement.</p> <p>Person may renew unexpired license by paying required renewal fee. If expired for 90 days or less, must pay 1½ times renewal fee, over 90 days but less than 1 year must pay 2 times renewal fee. Expired over one year must re-apply for license.</p> <p>Person may not practice as an acudetox specialist (acupuncture limited to treating alcoholism, substance abuse, chemical dependency) unless certified by board.</p> <p>Temporary license (certification and renewal) fees are also set by the board.</p>	1993 by S.B. 1062, 73rd Leg. R.S.	TEX. OCC. CODE ANN. sec. 205.204, sec. 205.253, sec. 205.103	503 - Texas Medical Board	0001 - General Revenue Fund
Air Conditioning and Refrigeration Contractors and Technicians	<p>Fees charged for licensing, certification and registration of air conditioning and refrigeration contractors and technicians (persons who design, install, construct, maintain, service, repair, alter or modify any heating, ventilating or air conditioning product, system or equipment). Set by the commission in amounts necessary to defray costs of administration. Fees include: Original and renewal licenses, examination fees.</p> <p>Application, registration, temporary registration, renewal and certified technician designation fees are charged to persons acting as air conditioning and refrigeration technicians working under contractors supervision.</p> <p>New license status of inactive, temporary and emergency, fees set by the department.</p> <p>Administrative penalties not to exceed \$5,000 per day per violation (collected under Revenue Object 3770). Civil penalties not to exceed \$5,000 per day per violation (collected under Revenue Object 3717).</p>	1983 by S.B. 642, 68th Leg. R.S.	TEX. OCC. CODE ANN. ch. 1302, sec. 51.4011, sec. 51.407, sec. 51.408, sec. 51.302, sec. 51.352	452 - Texas Department of Licensing and Regulation	0001 - General Revenue Fund

**APPENDIX E (continued)**  
**State Professional Fees Detail as of Fiscal 2022**

Occupation	Description	Origin Date	Legal Cites	Collecting Agencies	Deposit Funds
Architects	<p>Fees for each architect before practicing:</p> <ul style="list-style-type: none"> <li>• Exam application and initial registration fee - as set by board (1051.704, 1051.705)</li> <li>• Fees for an applicant who holds a license or certificate of registration issued by another jurisdiction - as set by board (1051.305)</li> <li>• Renewal fees for residents of this state - as set by board plus an additional amount for the examination fee scholarship program (1051.351, 1051.651)</li> <li>• Renewal fees for non-residents - as set by board (1051.351, 1051.651)</li> <li>• Renewal fee for certificate of registration that has been expired for 90 days or less - 1½ times required renewal fee (1051.353)</li> <li>• Renewal fee for certificate of registration that has been expired for over 90 days but less than 2 years - 2 times required renewal fee (1051.353)</li> <li>• Renewal fee for a person who was registered in this state, moved to another state, and is currently licensed or registered and has been in practice in the other state for the 2 years preceding the date of the application - 2 times required renewal fee (1051.353)</li> <li>• Inactive status renewal and administrative fee - as set by the board plus an additional amount for the examination fee scholarship program (1051.355)</li> <li>• Architect Emeritus administrative and renewal fee - as set by the board (1051.357)</li> </ul> <p>The board may assess an administrative penalty up to \$5,000 for each violation (1051.452). This penalty is collected under Revenue Object 3770.</p>	1937 by the 45th Leg.	TEX. OCC. CODE ANN. sec. 1051.305, sec. 1051.351, sec. 1051.353, sec. 1051.355, sec. 1051.357, sec. 1051.452, sec. 1051.651, sec. 1051.704, sec. 1051.705	459 - Texas Board of Architectural Examiners	An account with the Texas Treasury Safekeeping Trust Company
Asbestos Removal	<p>A person may not engage in removing asbestos, encapsulating asbestos, enclosing asbestos or loading or unloading asbestos from a public building unless licensed. Fees are set by the executive commissioner sufficient to generate amounts necessary to administer and enforce the chapter.</p> <p>Civil penalties levied for violations cannot exceed \$10,000 a day for each violation (collected under Revenue Object 3717).</p> <p>Administrative penalties may not exceed \$10,000 a day for each violation (collected under Revenue Object 3770).</p>	1987 by H.B. 36, 70th Leg. R.S.	TEX. HEALTH & SAFETY CODE ANN. sec. 12.032 TEX. OCC. CODE ANN. sec. 1954.056, sec. 1954.352, sec. 1954.401	537 - Department of State Health Services	0001 - General Revenue Fund 5017 - GR Account - Asbestos Removal Licensure
Assessors	<p>For each applicant before engaging in business as professional assessor of Ad Valorem taxes. Each application must be accompanied by a nonrefundable processing and application fee set by commission and must be renewed annually.</p> <p>Administrative penalties not to exceed \$5,000 per day per violation (collected under Revenue Object 3770). Civil penalties not to exceed \$5,000 per day per violation (collected under Revenue Object 3717).</p>	1977 by S.B. 67, 65th Leg.	TEX. OCC. CODE ANN. ch. 1151	452 - Texas Department of Licensing and Regulation	0001 - General Revenue Fund
Athlete Agent Registration	An athlete agent must register before the agent may contact an athlete, either directly or indirectly, while the athlete is located in this state. Fees are set by the secretary in amounts reasonable and necessary to cover the costs of administration.	1987 by S.B. 20, 70th Leg. 2nd C.S.	TEX. OCC. CODE ANN. sec. 2051.108, sec. 2051.051	307 - Secretary of State	0001 - General Revenue Fund
Athletic Trainers	<p>To record fees for regulating athletic trainers. The commission shall set fees in amounts to cover costs of administration for applications, licenses, renewals, examinations and other programs or activities for which a fee is authorized.</p> <p>Fees to renew expired licenses are between 1½ to 2 times the normally required renewal fee.</p>	1971 by the 62nd Leg.	TEX. OCC. CODE ANN. sec. 51.401, sec. 51.202, sec. 451.152, sec. 451.156	452 - Texas Department of Licensing and Regulation	0001 - General Revenue Fund
Attorneys	<p>A candidate for a license to practice law in Texas shall pay the following fees set by the Supreme Court:</p> <ul style="list-style-type: none"> <li>• Examination fee, not to exceed \$150</li> <li>• Fee for investigation of moral character and fitness, not to exceed \$150</li> <li>• Application fee for foreign attorneys, not to exceed \$700</li> <li>• Fees for additional services, but the fee for any single additional service, not to exceed \$150</li> <li>• Issuance of an attorney's license, \$10</li> </ul>	1919 by the 36th Leg.	TEX. GOV'T CODE ANN. sec. 82.033, sec. 101.021	201 - Supreme Court 203 - Board of Law Examiners	Retained locally

**APPENDIX E (continued)**  
**State Professional Fees Detail as of Fiscal 2022**

Occupation	Description	Origin Date	Legal Cites	Collecting Agencies	Deposit Funds
Auctioneers	<p>Registration, exam, and renewal fees for auctioneers and associate auctioneers. Examination fees, renewal fees, penalties and fines are set by department rule.</p> <ul style="list-style-type: none"> <li>If at Dec. 31 of any year, the balance in the trust fund is less than \$350,000, each licensee shall pay a fee in addition to renewal fees, the greater of \$50 or a pro rata share of the amount necessary to bring the fund to \$350,000.</li> <li>The department may charge an auction school a reasonable fee for approving the required curriculum.</li> <li>New license status of inactive, temporary and emergency fees set by the department.</li> </ul>	1975 by H.B. 1925, 64th Leg.	TEX. OCC. CODE ANN. sec. 51.4011, sec. 51.407, sec. 51.408, sec. 1802.054, sec. 1802.153	452 - Texas Department of Licensing and Regulation	0001 - General Revenue Fund 0898 - Auctioneer Education and Recovery Trust Fund
Barbers and Cosmetologists	<p>Each individual practitioner, school, establishment or student must pay fees at rates set by the department for examinations, licenses, permits, duplicates and renewals.</p> <p>Licensed activities include hair cutting/styling, beard/mustache shaving, nail manicuring, and facial cosmetic treatments.</p> <p>Fees to renew expired licenses are between 1½ to 2 times the normally required renewal fee.</p> <p>Administrative penalties not to exceed \$5,000 per day per violation (collected under revenue object 3770). Civil penalties not to exceed \$5,000 per day per violation (collected under revenue object 3717).</p>	2021 by H.B. 1560, 87th Leg, R.S.	TEX. OCC. CODE ANN. sec. 51.4011, sec. 51.407, sec. 51.408, sec. 51.401, sec. 51.302, sec. 51.352, sec. 51.202	452 - Texas Department of Licensing and Regulation	5192 - GR Account - Barbering and Cosmetology School Tuition Protection
Behavior Analysts	Behavior analysts must be licensed by the department. Application, license and renewal fees are set by commission rule to cover costs of administration.	2017 by S.B. 589, 85th Leg. R.S.	TEX. OCC. CODE ANN. sec. 506.154, sec. 506.255, sec. 506.256	452 - Texas Department of Licensing and Regulation	0001 - General Revenue Fund
Cemetery Brokers	The Department of Banking shall impose a fee for each examination of a cemetery broker's records. The amount of the fee must be sufficient to cover costs of the examination (711.084). The commission may charge fees for the administration of the program (711.082).	2013 by H.B. 52, 83rd Leg. R.S.	TEX. HEALTH & SAFETY CODE ANN. sec. 711.084, sec. 711.082	451 - Texas Department of Banking	An account with the Texas Treasury Safekeeping Trust Company
Chemical Dependency Counselor	<p>To record fees for regulation of chemical dependency counselors and counselor interns. Application, examination, license renewal and other fees are set by the executive commissioner by rule in amounts to recover administration and enforcement.</p> <p>The executive commissioner shall add a surcharge of up to \$10 to a license or renewal fee to fund peer assistance programs for chemical dependency counselors, including administrative costs related to programs.</p> <p>Renewal fees for licenses expired 90 days or less - fee plus 1½ times the required renewal fee; over 90 days but less than 1 year - 2 times the required renewal fee. Licenses expired for one year or more may not be renewed and the person must reapply. If previously licensed in Texas and currently licensed in another state and practicing for 2 years, may renew without a reexamination by paying twice the renewal fee.</p> <p>Administrative penalties may be assessed up to \$1,000 per violation. Each day is separate violation (collected under Revenue Object 3770). Civil penalties maybe be assessed between \$50 and \$500 per day for violation (collected under Revenue Object 3717).</p>	1991 by S.B. 837, 72nd Leg. R.S.	TEX. OCC. CODE ANN. sec. 504.053, sec. 504.203, sec. 504.302, sec. 504.058, sec. 504.351	529 - Health and Human Services Commission	0001 - General Revenue Fund

**APPENDIX E (continued)**  
**State Professional Fees Detail as of Fiscal 2022**

Occupation	Description	Origin Date	Legal Cites	Collecting Agencies	Deposit Funds
Chiropractic	<p>Fees charged each person practicing chiropractic set by the board in amounts reasonable and necessary to cover administration costs for:</p> <ul style="list-style-type: none"> <li>• Annual Registration</li> <li>• Reciprocal license</li> <li>• Examination Fee</li> <li>• Re-examination Fee</li> <li>• Verification of satisfaction of completion of the courses, up to \$50</li> <li>• Verification of licensing requirements</li> <li>• Administration fee for removal of inactive status</li> <li>• Out-of-state applicant</li> <li>• Temporary faculty license and renewal fees set by the board+B18</li> </ul> <p>Initial licenses or registration fee were increased by \$5 and renewal by \$1, effective Sept. 1, 2003, to fund the Office of Patient Protection within the Health Professions Council (364).</p> <p>Late fees:</p> <p>90 days or less - renewal fee equal to 1½ annual renewal fee and required increase; 91 days to 1 year - renewal fee equal to 2 times annual renewal fee and required increase; 1 year to 3 years - renewal fee for each year expired plus additional fee equal to renewal fee multiplied by number of years expired (prorated for fractional years) and two times the renewal fee plus the required increase.</p> <p>Board may impose administrative penalties up to \$1,000 per day for violation of this Act (collected under Revenue Object 3770). Civil penalties are \$1,000 per day (collected under Revenue Object 3717).</p>	1949 by the 51st Leg.	TEX. OCC. CODE ANN. sec. 101.307, sec. 201.303, sec. 201.354, sec. 201.552, sec. 201.603, sec. 201.353	508 - Texas Board of Chiropractic Examiners	0001 - General Revenue Fund
Code Enforcement Officers	A code enforcement officer must pay fees set by the executive commissioner in amounts reasonable and necessary to cover costs of administration and enforcement of the chapter.	1991 by H.B. 1257, 72nd Leg. R.S.	TEX. OCC. CODE ANN. sec. 1952.052	452 - Texas Department of Licensing and Regulation	0001 - General Revenue Fund
Court Interpreters	<p>A court shall appoint a certified court interpreter or licensed court interpreter if a motion is filed by a party or requested by a witness in a civil or criminal proceeding.</p> <p>The Judicial Branch Certification Commission (attached to Office of Court Administration) sets license and exam fees to certify interpreters for individuals who can hear but have no or limited English proficiency.</p> <p>Note: Health and Human Services Commission certifies court interpreters to interpret proceedings for a hearing impaired individual. See Revenue Object 3562 - Health Related Interpreters for Persons who are Deaf or Hard of Hearing.</p>	2001 by H.B. 2735, 77th Leg. R.S.	TEX. GOV'T CODE ANN. ch. 57, ch. 157, sec. 152.2015	212 - Office of Court Administration	0001 - General Revenue Fund
Court Reporters	<p>Each certification as a court reporter/shorthand reporter requires initial certification or registration fee set by Judicial Branch Certification Commission (attached to Office of Court Administration). A court reporting or shorthand firm shall register and comply with the same rules applicable to a court reporter. The Commission may enforce by assessing a reasonable fee against a firm.</p> <p>The commission may assess administrative penalties up to \$500 per day per violation (collected under Revenue Object 3770).</p>	1977 by S.B. 586, 65th Leg.	TEX. GOV'T CODE ANN. sec. 152.2015, sec. 153.052, sec. 154.101, sec. 154.102, sec. 154.107	212 - Office of Court Administration	0001 - General Revenue Fund
Crafted Precious Metal Dealers	A person may not engage in the business of buying and selling crafted precious metal unless registered with the Consumer Credit Commissioner. The commissioner shall prescribe a processing fee to cover costs of administration.	2011 by H.B. 2490, 82nd Leg. R.S.	TEX. OCC. CODE ANN. sec. 1956.06	466 - Office of Consumer Credit Commissioner	An account with the Texas Treasury Safekeeping Trust Company
Crematories	<p>A person may not conduct a crematory business in this state unless the owner or operator registers with the commission and pays the fees. The commission by rule shall establish fees in amounts reasonable and necessary to cover administrative costs.</p> <p>To renew a crematory establishment license, a report must be filed with the renewal fee. A late fee (set by the commission) shall be imposed if the report is not filed.</p>	2001 by H.B. 3067, 77th Leg. R.S.	TEX. OCC. CODE ANN. ch. 651	513 - Texas Funeral Service Commission	0001 - General Revenue Fund

**APPENDIX E (continued)**  
**State Professional Fees Detail as of Fiscal 2022**

Occupation	Description	Origin Date	Legal Cites	Collecting Agencies	Deposit Funds
Customs Brokers	A customs broker must pay an annual license fee of \$300 for each place of business from which the custom broker intends to issue a certificate of export.	1993 by H.B. 2413, 73rd Leg. R.S.	TEX. TAX CODE ANN. sec. 151.157(c)	902 - Comptroller - State Fiscal	0001 - General Revenue Fund
Dental	<p>Applicant fees for exam for license to practice dentistry or dental hygiene and for registration of dental laboratories. Fees are set by board to produce sufficient revenue to cover cost of administration.</p> <ul style="list-style-type: none"> <li>• Examination Fee</li> <li>• Reciprocal Registration Fee</li> <li>• Annual Renewal Fee</li> <li>• Duplicate License</li> <li>• Duplicate Registration Certificate</li> <li>• Peer Assistance Fee</li> <li>• Provisional License</li> <li>• Dental Assistant X-Ray Certificate</li> <li>• Faculty Member License - Dental or Dental Hygiene Schools</li> <li>• Anesthesia Permit and Fee</li> <li>• Temporary Dental License</li> <li>• Military Limited Volunteer License</li> </ul> <p>Renewal fees:</p> <p>90 days or less - 1½ times the normal renewal fee; over 90 days but less than 1 year - 2 times the normal renewal fee; 1 year or more - may not renew and must reapply.</p> <p>Administrative penalties up to \$5,000 for each violation. Administrative penalties not involving direct patient care up to \$1,000 per violation, up to \$3,000 in a calendar year (collected under Revenue Object 3770).</p> <p>Initial licenses or registration fee were increased by \$5 and renewal by \$1, effective Sept. 1, 2003, to fund the Office of Patient Protection within the Health Professions Council (364). B24</p> <p>The board collects a \$55 surcharge on license issuance and renewal.</p>	1919 by the 36th Leg.	TEX. OCC. CODE ANN. sec. 101.307, sec. 256.1015, sec. 257.001, sec. 257.002, sec. 258.155, sec. 264.002, sec. 264.0115, sec. 266.153, sec. 266.154, sec. 266.155	504 - State Board of Dental Examiners	0001 - General Revenue Fund
Dental Support Organizations	Fees for the registration and corrected registration of dental support organizations. Set by the Secretary of State to recover administration costs of the program.	2015 by S.B. 519, 84th Leg. R.S.	TEX. BUS. & COMM. CODE ANN. sec. 73.004	307 - Secretary of State	0001 - General Revenue Fund
Dietitians	<p>To record fees for regulation of dietitians. The commission shall set fees in amounts to cover costs of administration for applications, licenses, renewals, examinations and other programs or activities for which a fee is authorized.</p> <p>Fees to renew expired licenses are between 1½ to 2 times the normally required renewal fee.</p>	1983 by S.B. 671, 68th Leg. R.S.	TEX. OCC. CODE ANN. sec. 51.401, sec. 51.202, sec. 701.252	452 - Texas Department of Licensing and Regulation	0001 - General Revenue Fund
Discount Health Care Programs	<p>A program operator may not offer a discount health care program unless registered with the department. A program shall pay an initial registration fee of \$1,000 and an annual renewal fee up to \$500.</p> <p>Administrative penalties (collected under Revenue Object 3770) up to \$1,000 per violation or \$5,000 for all violations may also be assessed, as well as civil penalties (collected under Revenue Object 3717).</p> <p>License status of Inactive, Temporary and Emergency, fees set by the department.</p>	2007 by H.B. 3064, 80th Leg. R.S.	TEX. INS. CODE ANN. sec. 562.160, sec. 562.161, sec. 7001.006	454 - Texas Department of Insurance	0001 - General Revenue Fund 0036 - GR Account - Texas Department of Insurance Operating
Dog and Cat Breeders	<p>A person who is a dog or cat breeder must hold a license for each facility owned or operated. Application, initial and renewal license and pre-license inspection fees are set by Commission to cover costs of administration and enforcement.</p> <p>Administrative penalties not to exceed \$5,000 per day per violation (collected under Revenue Object 3770). Civil penalties not to exceed \$5,000 per day per violation (collected under Revenue Object 3717).</p>	2011 by H.B. 1451, 82nd Leg. R.S.	TEX. OCC. CODE ANN. sec. 51.302, sec. 51.352, sec. 802.052, sec. 802.101	452 - Texas Department of Licensing and Regulation	0001 - General Revenue Fund

**APPENDIX E (continued)**  
**State Professional Fees Detail as of Fiscal 2022**

Occupation	Description	Origin Date	Legal Cites	Collecting Agencies	Deposit Funds
Dry Cleaning Facilities	<p>Fees for operating dry cleaning facility:</p> <ul style="list-style-type: none"> <li>• \$250 for a facility with gross annual receipts of \$150,000 or less or designated as nonparticipating under section 374.104.</li> <li>• \$2,500 for a facility with gross annual receipts of more than \$150,000.</li> <li>• If dependent entirely on revenue from drop stations, the fee is determined by the commission based on gross receipts.</li> </ul> <p>Fees for operating drop stations:</p> <ul style="list-style-type: none"> <li>• For a drop station with gross annual receipts of more than \$150,000, a fee of \$750.</li> <li>• Gross annual receipts of \$150,000 or less, a fee of \$250.</li> <li>• Designated as non-participating under section 374.104, a fee of \$125.</li> </ul> <p>A person who owns property or a preceding owner on which a facility or drop station is or was located may participate in GR Account 5093 - Dry Cleaning Facility Release benefits under certain conditions and by paying an annual registration fee of \$1,500 and a late fee of \$100 if applicable.</p> <p>If a fee is not paid or an application not filed on or before the 30th day after the due date, a penalty up to \$50 per day may be assessed.</p>	2003 by H.B. 136, 78th Leg. R.S.	TEX. HEALTH & SAFETY CODE ANN. sec. 374.102	582 - Texas Commission on Environmental Quality	5093 - GR Account - Dry Cleaning Facility Release
Dyslexia Practitioners and Therapists	<p>To record fees for regulating dyslexia practitioners and therapists. The commission shall set fees in amounts to cover costs of administration for applications, licenses, renewals, examinations and other programs or activities for which a fee is authorized.</p> <p>Fees to renew expired licenses are between 1½ to 2 times the normally required renewal fee.</p>	2009 by H.B. 461, 81st Leg. R.S.	TEX. OCC. CODE ANN. sec. 51.401, sec. 51.202, sec. 403.103, sec. 403.107	452 - Texas Department of Licensing and Regulation	0001 - General Revenue Fund
Electricians	<p>A person may not perform electrical work unless they hold an appropriate license. Licenses are required for:</p> <ul style="list-style-type: none"> <li>• Master electrician</li> <li>• Master sign electrician</li> <li>• Journeyman electrician</li> <li>• Journeyman sign electrician</li> <li>• Journeyman lineman</li> <li>• Journeyman industrial electrician</li> <li>• Residential wireman</li> <li>• Maintenance electrician</li> <li>• Electrical contractor</li> <li>• Electrical sign contractor</li> <li>• Electrical apprentice</li> <li>• Electrical sign apprentice</li> <li>• Temporary apprentice</li> <li>• Nonresident licenses</li> <li>• Emergency electrician</li> </ul> <p>Renewals required annually. Fees may also be adopted for administration of continuing education programs. Fees shall be reasonable and necessary to recover costs of administration. New license status of inactive, temporary and emergency - fees set by the department.</p> <p>Administrative penalties not to exceed \$5,000 per day per violation (collected under Revenue Object 3770). Civil penalties not to exceed \$5,000 per day per violation (collected under Revenue Object 3717).</p>	2003 by H.B. 1487, 78th Leg. R.S.	TEX. OCC. CODE ANN. ch. 1305, sec. 51.4011, sec. 51.407, sec. 51.408, sec. 51.302, sec. 51.352	452 - Texas Department of Licensing and Regulation	0001 - General Revenue Fund

**APPENDIX E (continued)**  
**State Professional Fees Detail as of Fiscal 2022**

Occupation	Description	Origin Date	Legal Cites	Collecting Agencies	Deposit Funds
Elevator Inspection	<p>Executive director may charge a reasonable fee for registering or renewing an inspector or contractor, applying for a certificate of compliance, filing an inspection report, applying for a waiver or delay, attending a continuing education program and applying to remove equipment from service.</p> <p>License status of Inactive, Temporary and Emergency, fees set by the department.</p> <p>Administrative penalties not to exceed \$5,000 per day per violation (collected under Revenue Object 3770). Civil penalties not to exceed \$5,000 per day per violation (collected under Revenue Object 3717).</p>	1993 by H.B. 154, 73rd Leg. R.S.	<p>TEX. OCC. CODE ANN. sec. 51.4011, sec. 51.407, sec. 51.408, sec. 51.302, sec. 51.352</p> <p>TEX. HEALTH &amp; SAFETY CODE ANN. sec. 754.014(c), sec. 754.015, sec. 754.017(c), sec. 754.019</p>	452 - Texas Department of Licensing and Regulation	0001 - General Revenue Fund
Fire Alarm and Fire Detection Devices	<p>Fees for each person or organization before engaging in planning, certifying, leasing, selling, servicing, installing or maintaining fire alarm or fire detection devices or systems. Not to exceed:</p> <ul style="list-style-type: none"> <li>• Initial and annual renewal registration fee - \$500</li> <li>• Renewal of registration single station devices only - \$250</li> <li>• Branch office registration and renewal - \$150</li> <li>• Fire alarm tech/plan superintendent initial license - \$120</li> <li>• Fire alarm tech/plan superintendent renewal license - \$100</li> <li>• Duplicate certificates - \$20</li> <li>• Initial examination - \$30</li> <li>• Each re-examination - \$20</li> <li>• Training school/testing service approval - \$500</li> <li>• Training school instructor - \$50</li> <li>• Fire alarm technician initial license and each renewal fee - \$50</li> </ul> <p>Late fees:</p> <p>Less than 90 days - renewal fee and up to 1/2 original fee; over 90 days but less than 2 years - renewal fee and up to 100 percent of original fee.</p>	1975 by S.B. 925, 64th Leg.	TEX. INS. CODE ANN. sec. 6002.054	454 - Texas Department of Insurance	0036 - GR Account - Texas Department of Insurance Operating
Fire Extinguishers	<p>Fees for each firm installing or servicing portable fire extinguishers or planning, certifying, installing or servicing fixed fire extinguisher systems:</p> <ul style="list-style-type: none"> <li>• Certificate of registration - \$450</li> <li>• Renewal of certificate - \$300</li> <li>• Branch office registration certificate and renewal - \$100</li> <li>• Initial license fee - \$70</li> <li>• License fee renewal - \$50</li> <li>• Initial examination - \$30</li> <li>• Re-examination fee - \$20</li> <li>• Duplicate or changed certificate, license or permit - \$20</li> <li>• Change in ownership certificate - \$450</li> <li>• Change in ownership branch - \$100</li> <li>• Apprentice permit - \$30</li> <li>• Initial hydrostatic testing license - \$250</li> <li>• Hydrostatic testing license renewal - \$150</li> </ul>	1971 by the 62nd Leg.	TEX. INS. CODE ANN. sec. 6001.055, sec. 6001.056	454 - Texas Department of Insurance	0036 - GR Account - Texas Department of Insurance Operating
Fire Protection Personnel	<p>A fee for each intermediate, advanced and master certificate issued to each fire protection person. The commission may collect only one fee for renewal if a person holds more than one certificate.</p> <p>Fees are set by the commission in amounts to recover costs, including fees to obtain criminal history information. Commission shall set and collect a fee for examinations given to fire protection personnel for certification. Includes certification and renewal fees from training facilities. Unexpired certificates renewed for required fee over 30 days must pay renewal fee plus 1/2 certification fee.</p> <p>The commission shall set a fee for a manual stating rules, regulations and minimum standards for fire protection personnel (see Revenue Object 3752).</p>	1983 by S.B. 288, 68th Leg. R.S.	<p>TEX. GOV'T CODE ANN. sec. 419.026, sec. 419.028, sec. 419.033, sec. 419.034, sec. 419.0341</p>	411 - Texas Commission on Fire Protection	<p>0001 - General Revenue Fund  5156 - GR Account - Fire Protection Fees</p>

**APPENDIX E (continued)**  
**State Professional Fees Detail as of Fiscal 2022**

Occupation	Description	Origin Date	Legal Cites	Collecting Agencies	Deposit Funds
Fire Protection Sprinkler Systems	<p>Fees charged each person or organization that plans, sells, installs, maintains or services fire protection sprinkler systems.</p> <p>Certificate of registration fees for a fire protection sprinkler system contractor (not to exceed):</p> <ul style="list-style-type: none"> <li>• Application fee - \$100</li> <li>• Issuance or renewal - \$1,200</li> <li>• Duplicate or change - \$70</li> </ul> <p>Managing employee fees are \$100 examination fee and \$200 license issuance an renewal fee.</p> <p>Late fees are the renewal fee plus 1/2 of the original fee if under 90 days. Between 90 days and two years the late fee is renewal fee plus the full original fee.</p> <p>A person may not install a multipurpose system using a single piping system without being licensed as a master or journeyman plumber with an endorsement as a multipurpose fire protection sprinkler specialist issued by the State Board of Plumbing Examiners.</p>	1983 by S.B. 234, 68th Leg. R.S.	TEX. OCC. CODE ANN. sec. 1301.3565 TEX. INS. CODE ANN. sec. 6003.055	454 - Texas Department of Insurance	0036 - GR Account - Texas Department of Insurance Operating
Fireworks	<p>Licenses required before the manufacturing, selling or distributing fireworks. Fee amounts are not-to-exceed amounts:</p> <ul style="list-style-type: none"> <li>• Each manufacturer, possessor and seller of fireworks - \$1,000</li> <li>• Each distributor of fireworks - \$500</li> <li>• Each fireworks jobber - \$1,000</li> <li>• Each fireworks retailer permit - \$20</li> <li>• Public fireworks display permit - \$50</li> <li>• Multiple fireworks displays - \$400</li> <li>• Pyrotechnic operators and pyrotechnic special effects operator license - \$100, exam fee - \$50 and re-exam - \$20</li> <li>• Flame effects operator license - \$100, exam - \$30 and re-exam - \$20</li> </ul> <p>Duplicate license fee is \$20. Renewal fees vary depending if the license is active or expired. Expired under 90 days - annual fee plus 1/2 original license fee; over 90 days but less than two years - annual fee plus original license fee.</p> <p>Additional \$10 fee for fireworks safety and education program assessed on retail permit holders. A fee of \$250 assessed on manufacturers, distributors or jobbers licenses.B37</p>	1957 by the 55th Leg.	TEX. OCC. CODE ANN. ch. 2154	454 - Texas Department of Insurance	0001 - General Revenue Fund 0036 - GR Account - Texas Department of Insurance Operating
Food Managers	<p>To record fees for regulating certified food managers at fixed and mobile retail establishments where food is prepared on-site for sale. The executive commissioner may adopt by rule the following fees:</p> <ul style="list-style-type: none"> <li>• Issuance and renewal of a food manager certificate not to exceed \$35</li> <li>• Examination fee not to exceed \$10</li> </ul>	2001 by H.B. 251, 77th Leg. R.S.	TEX. HEALTH & SAFETY CODE ANN. sec. 438.106	537 - Department of State Health Services	0001 - General Revenue Fund
Forensic Analyst	The Texas Forensic Science Commission (administratively attached to the Office of Court Administration) may set and collect license and renewal fees for forensic analyst licenses (art. 38.01, sec. 4-a). A person who technically reviews or performs a forensic analysis or draws conclusions from or interprets a forensic analysis for a court or crime laboratory must hold a forensic analyst license.	2015 by S.B. 1287, 84th Leg. R.S.	TEX. CRIM. PROC. CODE ANN. art. 38.01	212 - Office of Court Administration for the Texas Forensic Science Commission	5173 - GR Account - Texas Forensic Science Commission
Funeral Directors, Embalmers and Funeral Establishments	<p>Before practicing embalming or funeral directing or operating a funeral establishment, certain fees are due. The commission sets fees in amounts reasonable and necessary to cover administrative costs.</p> <p>Penalties for late renewal for funeral establishments are determined by rule. If a license is expired over 30 days, an establishment may not operate until renewal and all late penalties are paid.</p> <p>An administrative penalty may be assessed for violations by funeral service establishments between \$100 and \$5,000 per violation (collected under Revenue Object 3770).</p> <p>Initial license or registration fee increased by \$5 and renewal by \$1, effective Sept. 1, 2003.</p>	1903 by the 28th Leg. R.S. (p.123)	TEX. OCC. CODE ANN. sec. 651.2595, sec. 651.154, sec. 651.165, sec. 651.552, sec. 651.354	513 - Texas Funeral Service Commission	0001 - General Revenue Fund

**APPENDIX E (continued)**  
**State Professional Fees Detail as of Fiscal 2022**

Occupation	Description	Origin Date	Legal Cites	Collecting Agencies	Deposit Funds
Geoscientists	A person may not practice professional geosciences unless licensed. The board may set reasonable and necessary fees for applicants and license holders for application, examination, licensure and license renewal. May charge an administrative penalty not to exceed \$1,500 for each violation (collected under Revenue Object 3770).	2001 by S.B. 405, 77th Leg. R.S.	TEX. OCC. CODE ANN. sec. 1002.452, sec. 1002.152	481 - Texas Board of Professional Geoscientists	0001 - General Revenue Fund
Guardianship	Registration fees paid by guardianship programs and application fees submitted by an individual applying for certification to provide guardianship services for wards of the court. The Judicial Branch Certification Commission, administratively attached to the Office of Court Administration may set the fees.  The commission may charge a fee for criminal history records as approved by the Supreme Court.	2005 by S.B. 6, 79th Leg. R.S.	TEX. GOV'T CODE ANN. sec. 152.151, sec. 155.102	212 - Office of Court Administration	0001 - General Revenue Fund
Handgun Instructor	The department shall charge fees for certification of qualified handgun instructors: <ul style="list-style-type: none"> <li>• \$100 fee for handgun instructor training (411.190)</li> <li>• \$100 renewal fee plus a retraining course every two years (411.190)</li> <li>• A fee established by the Department sufficient to cover costs for an additional certification in school safety (411.1901)</li> </ul>	1995 by S.B. 60, 74th Leg. R.S.	TEX. GOV'T CODE ANN. sec. 411.190, sec. 411.1901	405 - Department of Public Safety	0001 - General Revenue Fund
Health Service Providers Registry Fees	The department is authorized to establish a registry or system of registries for providers of health-related services not otherwise licensed, registered or certified by a state agency, board or commission. The executive commissioner may adopt registration fees to cover costs of establishing and maintaining a registry and may adopt rules as necessary for administration.	1989 by H.B. 2473, 71st Leg. R.S.	TEX. HEALTH & SAFETY CODE ANN. sec. 12.014	537 - Department of State Health Services	0001 - General Revenue Fund
Hearing Instrument Fitters and Dispensers	To record fees for regulating hearing instrument fitters and dispensers. The commission shall set fees in amounts to cover costs of administration for applications, licenses, permits, renewals, examinations and other programs or activities for which a fee is authorized.  Fees to renew expired licenses are between 1½ to 2 times the normally required renewal fee.	1969 by the 61st Leg.	TEX. OCC. CODE ANN. sec. 51.401, sec. 51.202, sec. 402.203, sec. 402.207, sec. 402.251, sec. 402.301	452 - Texas Department of Licensing and Regulation	0001 - General Revenue Fund
Higher Education – Non-Pledged	To record non-pledged professional fees collected by higher education. See Revenue Object 3835 for pledged professional fees. Used for Annual Financial Report purposes.	1993 by S.B. 671, 73rd Leg. R.S.	General Appropriations Act  TEX. EDUC. CODE ANN. sec. 51.008	State Colleges and Universities	The appropriate institutional fund
Higher Education – Unrestricted Current Funds	To record professional fees collected in local funds by higher education for USAS reporting. Used for Annual Financial Report purposes.	1993 by S.B. 671, 73rd Leg. R.S.	General Appropriations Act  TEX. EDUC. CODE ANN. sec. 51.008	State Colleges and Universities	The appropriate institutional fund
Identity Recovery Service Contract Providers/Administrators	An identity recovery service provider must report quarterly the number of service contracts that were sold or issued to consumers in the state and must submit a \$1 fee for each contract.	2009 by S.B. 778, 81st Leg. R.S.	TEX. OCC. CODE ANN. sec. 1304.1035	452 - Texas Department of Licensing and Regulation	0001 - General Revenue Fund
Industrial Homework	Each person who does any manufacturing in a home of materials or articles for an employer must obtain a homeworker's certificate; the fee may not exceed \$0.50.  Each employer for whom industrial homework is performed must obtain an employer's permit, the fee is \$50 before delivering materials for homework.	1937 by the 45th Leg.	TEX. HEALTH & SAFETY CODE ANN. sec. 143.003, sec. 143.006	537 - Department of State Health Services	0001 - General Revenue Fund

**APPENDIX E (continued)**  
**State Professional Fees Detail as of Fiscal 2022**

Occupation	Description	Origin Date	Legal Cites	Collecting Agencies	Deposit Funds
Interior Design	<p>The board shall set the following fees in amounts reasonable and necessary to cover the costs of administration to register a person in interior design:</p> <ul style="list-style-type: none"> <li>• Registration application fee</li> <li>• Annual registration renewal fee</li> <li>• Reciprocal registration fee</li> <li>• Examination fee</li> <li>• Duplicate Registration Certificate</li> <li>• Roster of interior designers</li> <li>• Restoration of revoked or suspended certificate</li> <li>• Renewal of expired certificate</li> <li>• Restore license on inactive status</li> <li>• Interior Designer Emeritus administration and renewal fee</li> </ul> <p>Board may assess an administrative penalty based on the seriousness of the violation (collected under Revenue Object 3770).</p>	1991 by S.B. 429, 72nd Leg., R.S	TEX. OCC. CODE ANN. sec. 1053.052, sec. 1053.251	459 – Texas Board of Architectural Examiners	An account with the Texas Treasury Safekeeping Trust Company
Interpreters for Persons who are Deaf or Hard of Hearing	<p>To record fees for examinations, certificate renewal and recertification for interpreters who facilitate communication between persons who are deaf or hard of hearing and persons who are not. Fees are set by the executive commissioner by rule to cover the costs of the certification program.</p> <p>Fees to renew expired certificates are between 1¼ to 1½ times the normally required renewal fee.</p>	1979 by H.B. 1521, 66th Leg.	TEX. HUM. RES. CODE ANN. sec. 81.006, sec. 81.007, sec. 81.0071, sec. 81.0074	529 - Health and Human Services Commission	0001 - General Revenue Fund
Irrigators and Installers	<p>In order to be licensed as an irrigator or installer, a person must be licensed under Water Code Ch. 37. License fees and requirements set by the commission. Renewal fee is 1½ times the regular fee if the license was expired 30 days or less. Over 30 days and a new license application is required.</p>	1973 by the 63rd Leg. R.S.	TEX. WATER CODE ANN. sec. 37.009, sec. 37.006 TEX. OCC. CODE ANN. sec. 1903.251	582 - Texas Commission on Environmental Quality	0468 - GR Account - Texas Commission On Environmental Quality Occupational Licensing
Land Surveyors	<p>Fees for each land surveyor set by the board in amounts necessary to cover administration for: license, registration, certification, examination, renewal, duplicate, re-examination, roster and inactive status.</p> <p>License expired 90 days or less - pay renewal fee plus 1/2 amount of exam fee; more than 90 days - renewal fees plus amount of exam fee; over 1 year - must reapply.</p> <p>Board may adopt reduced license and annual renewal fees for land surveyors at least 65 years old or who are disabled and not actively engaged in the practice of engineering.</p> <p>Includes civil penalties up to \$1,500 (collected under Revenue Object 3717). Administrative penalties up to \$1,500 per violation (collected under Revenue Object 3770).</p>	1955 by the 54th Leg.	TEX. OCC. CODE ANN. ch. 1071, sec. 1001.204	460 - Texas Board of Professional Engineers and Land Surveyors	An account with the Texas Treasury Safekeeping Trust Company
Landscape Architects	<p>The board sets registration fees (including reciprocal registration) for landscape architects paid before engaging in business. Annual renewal fees are set by the board and are 1½ times normal if the license is expired for 90 days or less. Twice the normal fee for 90 day to 1 year.</p> <p>Board may set fee for any action involving an administrative expense in amounts reasonable and necessary unless otherwise set by GAA.</p> <p>May assess up to \$10 for administering the examination fee scholarship program. May charge a fee for landscape architect emeritus status on certificate of registration.</p> <p>Board may assess administrative penalty (collected under Revenue Object 3770) up to \$5,000.</p>	1969 by H.B. 111, 61st Leg	TEX. OCC. CODE ANN. sec. 1051.452, ch. 1052	459 – Texas Board of Architectural Examiners	An account with the Texas Treasury Safekeeping Trust Company

**APPENDIX E (continued)**  
**State Professional Fees Detail as of Fiscal 2022**

Occupation	Description	Origin Date	Legal Cites	Collecting Agencies	Deposit Funds
Law Enforcement	<p>Commission shall establish reasonable and necessary fees for the licensing of peace officers, county jailers and guards, reserve law enforcement officers, armed security officers and peace officers who utilize investigative hypnosis. Fees are for licenses, agency commission licenses, professional or proficiency certificates, examinations, approval of training programs, license reactivation, etc. (1701.154).</p> <p>May assess administrative penalties up to \$1,000 per day per violation (1701.507). Collected under Revenue Object 3770.</p> <p>Commission shall charge each school marshal trainee a reasonable fee to cover the cost of conducting the program. The commission shall charge a reasonable fee to cover the cost of renewing the person's license (1701.260).</p>	1983 by S.B. 155, 68th Leg. R.S.	TEX. OCC. CODE ANN. sec. 1701.154, sec. 1701.507, sec. 1701.260	407 - Texas Commission on Law Enforcement	0001 - General Revenue Fund 0116 - GR Account - Texas Commission on Law Enforcement
Lawyer Referral Services	An entity must be certified by the state bar to operate a lawyer referral service. May charge reasonable and necessary fees to cover costs.	1993 by H.B. 1926, 73rd Leg. R.S.	TEX. OCC. CODE ANN. sec. 952.052	202 - State Bar of Texas	Retained locally
Life Settlement Contracts	An individual corporation, trust, partnership, association or other legal entity engaging in the business of life settlement contracts shall pay a registration fee set by the Department of Insurance.	1995 by H.B. 2256, 74th Leg. R.S.	TEX. INS. CODE ANN. sec. 1111A.003	454 - Texas Department of Insurance	0001 - General Revenue Fund
Lobbyist Registration	<p>A fee is charged for original registration and renewal of registration required of all lobbyists. Registration expires at midnight, Dec. 31, of each year. Fees are charged as follows:</p> <ul style="list-style-type: none"> <li>\$75 for any person required to register solely because the person is required to register under sec. 305.0041;</li> <li>\$150 for a registrant employed by an organization exempt from federal income tax under Sections 501 (c)(3,4) IRS Code of 1986; or</li> <li>\$750 for any other registrant.</li> </ul> <p>A registration fee for calendar years 2004 and 2005 is increased by an amount needed to generate revenue necessary to develop and implement an electronic filing system.</p>	1987 by S.B. 1081, 70th Leg. R.S.	TEX. GOV'T CODE ANN. sec. 305.005	356 - Texas Ethics Commission	0001 - General Revenue Fund
Marriage and Family Therapists	<p>Fees established in amounts reasonable and necessary to cover administrative costs for issue, renewal, exams and other authorized programs.</p> <p>Late renewal before 90 days - 1½ times renewal fee. 90 days to 1 year - 2 times renewal fee. Over 1 year must obtain initial license.</p> <p>Administrative penalty up to \$5,000 per violation (collected under Revenue Object 3770). Civil penalty is up to \$1,000 for each day of violation (collected under Revenue Object 3717).</p>	1991 by S.B. 181, 72nd Leg. R.S.	TEX. OCC. CODE ANN. sec. 502.301, sec. 502.252, sec. 502.254, sec. 502.257, sec. 502.260, sec. 507.255, sec. 507.154, sec. 507.352, sec. 507.402	510 - Texas Behavioral Health Executive Council	0001 - General Revenue Fund
Massage Therapy	<p>To record fees for regulation of massage therapists, massage schools, massage school students, massage therapy instructors and message establishments. Fees are set by the executive commissioner by rule. Fees charged for applications, licenses and renewals.</p> <p>Fees to renew expired licenses are between 1½ to 2 times the normally required renewal fee.</p> <p>Civil penalties may be assessed not less than \$1,000 or more than \$10,000 per violation per day (collected under Revenue Object 3717).</p>	1985 by H.B. 2012, 69th Leg. R.S.	TEX. OCC. CODE ANN. sec. 455.153, sec. 455.160, sec. 455.351, sec. 455.1572, sec. 455.161	452 - Texas Department of Licensing and Regulation	0001 - General Revenue Fund
Medical Physicists	<p>To record fees for regulation of medical physicists. Fees are set by the medical board in amounts to recover costs of administration for license applications and renewals.</p> <p>Penalty fees charged in addition to renewal fee for expired licenses are equal to 1/2 to 1 times the normally required renewal fee.</p> <p>Administrative penalties may be assessed not to exceed \$500 per violation per day up to \$2,500. (collected under Revenue Object 3770). Civil penalties may be assessed not to exceed \$5,000 per day. (collected under Revenue Object 3717).</p>	1991 by S.B. 521, 72nd Leg. R.S.	TEX. OCC. CODE ANN. sec. 602.203, sec. 602.210, sec. 602.151, sec. 602.211, sec. 602.213, sec. 602.351, sec. 602.3015	503 - Texas Medical Board	0001 - General Revenue Fund

**APPENDIX E (continued)**  
**State Professional Fees Detail as of Fiscal 2022**

Occupation	Description	Origin Date	Legal Cites	Collecting Agencies	Deposit Funds
Membership Camping Contracts	No person shall offer or dispose of a membership interest or membership right under a membership camping contract unless the operator is registered. If an operator also sells membership camping contracts, that operator must comply with the registration requirements for brokers. Each application for registration as a seller or broker must be accompanied by a fee set by the Secretary of State in amounts reasonable and necessary to cover the costs of administration.	1987 by H.B. 49, 70th Leg. R.S.	TEX. PROP. CODE ANN. sec. 222.004	307 - Secretary of State	0001 - General Revenue Fund
Metal Recycling Entity	A person may not act as a metal recycling entity unless registered and pay a fee for issuance of certificate of registration.  Renewal fees: If expired 90 days or less - 1½ times renewal fee; if expired more than 90 days but less than 1 year - 2 times renewal fee; if expired more than 1 year, must reapply  Administrative penalty of up to \$1,000 is collected under Revenue Object 3770.	2007 by S.B. 1154, 80th Leg. R.S.	TEX. OCC. CODE ANN. sec. 1956.041, sec. 1956.014, sec. 1956.022, sec. 1956.024	405 - Department of Public Safety	0001 - General Revenue Fund
Mold Assessors/Remediators	The commission shall establish fees in amounts sufficient to recover costs of administering and enforcing the program. Includes administrative penalties (collected under Revenue Object 3770) and civil penalties (collected under Revenue Object 3717).	2003 by H.B. 329, 78th Leg. R.S.	TEX. OCC. CODE ANN. ch. 1958, sec. 51.202, sec. 51.103	452 - Texas Department of Licensing and Regulation	0001 - General Revenue Fund
Mortgage Banker/Mortgage Broker/Loan Officer	Residential mortgage loan company license fee and renewal fee, no more than \$375 each. Recovery fund fee of \$20.  Residential mortgage loan originator license fee and renewal fee, no more than \$500 each. Recovery fund fee of \$20.  Mortgage banker registration fee and administration fee and renewal fee, no more than \$500 per year each.  Additional fees include: <ul style="list-style-type: none"><li>• Residential mortgage loan company change of address fee - \$25</li><li>• Mortgage loan company sponsor of loan originator fee - \$25</li><li>• For multiple places of business, \$50 for each additional license certificate</li><li>• Reinstatement fee - \$25</li><li>• Hearing deposit - \$500</li><li>• Probationary and provisional licenses set by commission</li></ul> Registered financial services company annual registration fee and renewal, no more than \$500 each  Residential mortgage loan servicers for residential mortgage loan must pay a registration and renewal fee, each up to \$500.  Administrative penalties collected under Revenue Object 3770.	1999 by S.B. 1074, 76th Leg., R.S.	TEX. FIN. CODE ANN. sec. 156.2012, sec. 156.211, sec. 156.212, sec. 156.302, sec. 156.406, sec. 156.502, sec. 157.006, sec. 157.0061, sec. 157.0062, sec. 157.013, sec. 157.015, sec. 157.019, sec. 157.023, sec. 157.031, sec. 158.053, sec. 158.058, sec. 158.105	450 – Department of Savings and Mortgage Lending	An account with the Texas Treasury Safekeeping Trust Company
Motor Vehicle Repair Facilities	A repair facility (engaging in repairing or replacing a damaged motor vehicle) shall register with the commission annually.  Fees required are: Registration or renewal of registration - \$50 Replacement of lost or destroyed certificate - \$25	1993 by H.B. 2564 73rd Leg. R.S.	TEX. OCC. CODE ANN. sec. 2304.053, sec. 2304.055	582 - Texas Commission on Environmental Quality	0001 - General Revenue Fund
Notary Public	A fee of \$10 charged for each notary public commission. The Secretary of State may charge an additional fee for online application submission.  Fee of \$1 for exclusive purpose of hiring an investigator and for preparing and distributing material.  A fee of \$10 for approving and filing the bond of the notary public.	1881 by the 17th Leg. R.S. (ch. 82, p.186)	TEX. GOVT CODE ANN. sec. 406.007, sec. 406.105	307 - Secretary of State	0001 - General Revenue Fund

**APPENDIX E (continued)**  
**State Professional Fees Detail as of Fiscal 2022**

Occupation	Description	Origin Date	Legal Cites	Collecting Agencies	Deposit Funds
Occupational Therapy	<p>Fees for the regulation of occupational therapists and occupational therapist assistants are prescribed by the Executive Council of Physical Therapy and Occupational Therapy Examiners, Agency 533 and include license applications, renewal, late endorsement and temporary fees. Fees that existed September 1, 1993 may not be set in an amount less than the amount of the fee on that date.</p> <p>\$1 per license may be collected for the peer assistance program.</p> <p>Late fee, under 90 days, is renewal fee plus no more than 1/2 the renewal fee. For over 90 days to 1 year, it is all unpaid renewal fees plus a late fee no more than the renewal fee.</p> <p>May receive administrative penalties assessed against facilities or license holders for violations of the Texas Occupational Therapy Act, up to \$200 (collected under Revenue Object 3770). Civil penalties are \$200 for each day violation continues (collected under Revenue Object 3717). Each day is a separate violation.</p> <p>Initial license or registration fee increased by \$5 and renewal by \$1, effective Sept. 1, 2003.</p>	1983 by S.B. 1213, 68th Leg. R.S.	TEX. OCC. CODE ANN. sec. 101.307, sec. 454.104, sec. 454.252, sec. 454.353	533 - Executive Council of Physical and Occupational Therapy Examiners for Texas Board of Occupational Therapy Examiners, Agency 534	0001 - General Revenue Fund
Optometry	<p>Fees charged a person practicing optometry established by board, including exam, re-exam, issue, renewal, duplicate license and other acts or services provided by board.</p> <p>Late fee: 90 days or less - renewal fee plus 1/2 license exam fee plus additional fee required; 91 days to 1 year - renewal fee plus license exam fee plus additional fee required; over 1 year - may not renew, must reapply.</p> <p>Initial license or registration fee increased by \$5 and renewal by \$1, effective Sept. 1, 2003.</p> <p>A license holder on retired status must pay a fee equal to the renewal fee for a license on the inactive status and may apply for reinstatement by paying the renewal fee.</p>	1921 by the 37th Leg.	TEX. OCC. CODE ANN. sec. 101.307, sec. 351.152, sec. 351.154, sec. 351.304	514 - Texas Optometry Board	0001 - General Revenue Fund 5 percent of renewal fees forwarded to the University of Houston Development Fund, which is held locally
Orthotists and Prosthetists	<p>To record fees for the regulation of orthotists and prosthetists including assistants and technicians. The commission shall set fees in amounts to cover costs of administration for applications, licenses, renewals, examinations and other programs or activities for which a fee is authorized.</p> <p>Fees to renew expired licenses are between 1½ to 2 times the normally required renewal fee.</p>	1997 by S.B. 291, 75th Leg. R.S.	TEX. OCC. CODE ANN. sec. 51.401, sec. 51.202, sec. 605.252, sec. 605.255	452 - Texas Department of Licensing and Regulation	0001 - General Revenue Fund
Pawnshops	<p>For reasonable and necessary fees charged each pawnshop as set by the Finance Commission including:</p> <ul style="list-style-type: none"> <li>• New pawnshop investigation fee of \$500</li> <li>• Second or additional pawnshop license fee of \$250</li> <li>• Annual license fee in amount determined by the commission</li> <li>• If application filed after June 30, fee for remainder of the year is \$50</li> <li>• Pawnshop employees license investigation and annual fee of \$25</li> <li>• Pawnshop employee license annual renewal \$10</li> <li>• Records examination or inspection to recover direct and indirect costs</li> <li>• Change of name or address</li> <li>• License transfer fee</li> <li>• Filing fee of \$100 with each report filed with Securities and Exchange Commission</li> </ul> <p>May assess an administrative penalty not to exceed \$1,000 per day.</p>	1967 by H.B. 452, 60th Leg. R.S.	TEX. FIN. CODE ANN. sec. 371.055, sec. 371.064, sec. 371.065, sec. 371.103, sec. 371.207	466 - Office of Consumer Credit Commissioner	An account with the Texas Treasury Safekeeping Trust Company
Perpetual Care Cemetery	For fees charged for regulating perpetual care cemetery associations. On filing a statement of funds under sec. 712.041, each corporation shall pay reasonable and necessary fees set annually to defray administration costs. To operate a perpetual care cemetery, a corporation must hold a certificate of authority issued and renewed annually for a fee set by the Finance Commission.	1945 by the 49th Leg.	TEX. HEALTH & SAFETY CODE ANN. sec. 712.042, sec. 712.0033, sec. 712.0037, sec. 712.008	451 - Texas Department of Banking	An account with the Texas Treasury Safekeeping Trust Company

**APPENDIX E (continued)**  
**State Professional Fees Detail as of Fiscal 2022**

Occupation	Description	Origin Date	Legal Cites	Collecting Agencies	Deposit Funds
Pesticide Applicator for Health Related Pest Control	Fees charged a person desiring to be a pesticide applicator for control of health related pests (except structural pest control). Commercial and non-commercial applicator fees, private applicator fees, testing fees for commercial/non-commercial applicators set by agency head.	1976 by the 64th Leg.	TEX. AGRIC. CODE ANN. sec. 76.106, sec. 76.108, sec. 76.109	551 - Department of Agriculture	0001 - General Revenue Fund
Pharmacy	<p>Fees charged for regulation of pharmacists, pharmacy technicians, pharmacy technician trainees and pharmacies. Set by the board in amounts reasonable and necessary to cover costs of administration for:</p> <ul style="list-style-type: none"> <li>• Application and exam</li> <li>• Application and issue of pharmacist license or renewal</li> <li>• Application and issue of pharmacy license or renewal Class A, B, C, D</li> <li>• Duplicate license fee</li> <li>• License for a pharmacist licensed by the board for at least 50 years and who does not actively practice pharmacy</li> <li>• Provisional license</li> </ul> <p>A late fee equal to 1½ times normal renewal fee is assessed if the license is expired 90 days or less. For 91 days to one year, fee is two times the normal fee. Over one year, must reapply.</p> <p>The board may assess a \$1,000 civil penalty (collected under Revenue Object 3717) on those unlawfully engaging in the practice of pharmacy and an administrative penalty (collected under Revenue Object 3770) up to \$5,000 for each violation of pharmacy-related statute or rules.</p> <p>The board may add a surcharge of not more than \$1 to a license or license renewal fee to fund programs to aid impaired pharmacists or pharmacy students).</p> <p>Initial license or registration fee increased by \$5 and renewal by \$1, effective Sept. 1, 2003.</p>	1929 by the 41st Leg. (first brought into Treasury Sept. 1, 1985)	TEX. OCC. CODE ANN. sec. 101.307, sec. 554.006, sec. 559.003, sec. 561.003, sec. 566.002, sec. 566.101, sec. 568.004, sec. 568.005	515 - Texas State Board of Pharmacy	<p>0001 - General Revenue Fund</p> <p>License fees deposited locally. Only amounts necessary to cover expenses are deposited General Revenue Fund.</p>
Physical Therapy	<p>The Board of Physical Therapy Examiners, Agency 522 may recommend to the Executive Council on Physical Therapy and Occupational Therapy Examiners, Agency 533, reasonable and necessary fees for licenses issued or services performed so that aggregate fees produce sufficient revenue to cover administration. The board may not recommend a fee for an amount less than the amount of that fee on Sept. 1, 1993.</p> <p>The Executive Council shall set fees. Late fee, under 90 days, is renewal fee plus no more than 1/2 the renewal fee. For over 90 days to 1 year, it is all unpaid renewal fees plus a late fee no more than the renewal fee. May assess administrative penalties assessed against facilities or license holders for violation of the Texas Physical Therapy Practice Act (collected under Revenue Object 3770).</p> <p>Initial license or registration fee increased by \$5 and renewal by \$1, effective Sept. 1, 2003.</p>	1971 by the 62nd Leg.	TEX. OCC. CODE ANN. sec. 101.307, sec. 453.104, sec. 453.252, sec. 453.207, sec. 453.253, sec. 453.401	533 - Executive Council of Physical and Occupational Therapy Examiners for Board of Physical Therapy Examiners, Agency 522	0001 - General Revenue Fund
Plumbers	<p>Board shall establish fees for licensing, endorsing or registering master plumbers, journeymen plumbers, plumbing inspectors and provisional licenses in amounts sufficient to pay costs of administering certification program.</p> <p>The board may issue to a master or journeyman plumber an endorsement as a water supply protection specialist. Fees shall be established by the board.</p> <p>The board may issue an endorsement to a master or journeyman plumber as a multipurpose residential fire protection sprinkler specialist upon payment of a fee set by the board. See Revenue Object 3175 (Fire Protection Sprinkler Systems).</p> <p>Renewal fees: 90 days or less - 1½ times of the normal renewal fee; 90 days but less than 2 years - 2 times of the normal renewal fee; over 2 years - may not renew; must reapply.</p>	1947 (brought into Treasury Sept. 1, 1981 by S.B. 851, 67th Leg. R.S.)	TEX. OCC. CODE ANN. ch. 1301 Executive Order No. GA-06	456 - Texas State Board of Plumbing Examiners	0001 - General Revenue Fund

**APPENDIX E (continued)**  
**State Professional Fees Detail as of Fiscal 2022**

Occupation	Description	Origin Date	Legal Cites	Collecting Agencies	Deposit Funds
Podiatry	<p>The Commission shall establish by rule reasonable and necessary fees for the regulation of podiatrists in amounts to produce sufficient revenue to cover administration for:</p> <ul style="list-style-type: none"> <li>• Examination</li> <li>• Re-examination</li> <li>• License renewal</li> <li>• Duplicate license</li> </ul> <p>Late fees: 90 days or less - 1½ times renewal exam fee; 91 days to 1 year - 2 times renewal fee Civil penalties of not less than \$50 or more than \$500 per day. (Collected under Revenue Object 3717).</p>	1923 (first brought into Treasury Sept. 1, 1981 by S.B. 866, 67th Leg. R.S.)	TEX. OCC. CODE ANN. sec. 101.307, sec. 202.153, sec. 202.301, sec. 202.552	452 - Texas Department of Licensing and Regulation	0001 - General Revenue Fund
Private Investigators and Security	<p>To record fees for licenses, registrations, endorsements and commissions under TEX. OCC. CODE ANN. Chapter 1702 including investigations companies, security services contractors, certain security officers and individuals employed in a field connected to private investigation or private security.</p> <p>The department by rule shall establish fees to produce sufficient revenue for administration without producing unnecessary fund balances.</p> <p>Renewal fees for expired licenses are between 1½ to 2 times the normally required renewal fee.</p> <p>Administrative penalties may be assessed not to exceed \$5,000 per violation (collected under Revenue Object 3770). Civil penalties may be assessed not to exceed \$10,000 per violation (collected under Revenue Object 3717).</p>	1969 by the 61st Leg.	TEX. GOV'T CODE ANN. sec. 411.524  TEX. OCC. CODE ANN. sec. 1702.062, sec. 1702.302, sec. 1702.303, sec. 1702.381	405 - Department of Public Safety	0001 - General Revenue Fund
Probation Officer	Fees for certification examination of juvenile probation officers	1987 by the 70th Leg. R.S.	TEX. HUM. RES. CODE ANN. sec. 203.0082, sec. 222.001	644 - Texas Juvenile Justice Department	0001 - General Revenue Fund
Process Server	The Judicial Branch Certification Commission (attached to OCA) may recommend fees for process server certification which must be approved by the Supreme Court. Fees may be appropriated to the Office of Court Administration for support of regulatory programs for process servers, guardians and court reporters and the certification division. The commission may assess administrative penalties up to \$500 per day per violation (collected under Revenue Object 3770).	2011 by H.B. 1614, 82nd Leg. R.S.	TEX. GOV'T CODE ANN. sec. 152.2015, sec. 153.052, sec. 153.053, sec. 156.052	212 - Office of Court Administration	0001 - General Revenue Fund
Professional Counselors	<p>Fees established in amounts reasonable and necessary to cover administrative costs for issue, renewal, exams and other authorized programs.</p> <p>Late renewal before 90 days - 1½ times renewal fee; 90 days to 1 year - 2 times renewal fee. Over 1 year must obtain initial license.</p> <p>Administrative penalty up to \$5,000 per violation (collected under Revenue Object 3770). Civil penalty is up to \$1,000 for each day of violation (collected under Revenue Object 3717).</p>	1981 by S.B. 606, 67th Leg. R.S.	TEX. OCC. CODE ANN. sec. 503.351, sec. 503.3055, sec. 503.310, sec. 503.312, sec. 503.352, sec. 507.255, sec. 507.154, sec. 507.352, sec. 507.402	510 - Texas Behavioral Health Executive Council	0001 - General Revenue Fund
Professional Employer Organizations	<p>A person may not engage in or offer professional employment services without holding a license. Each applicant for original or annual renewal license shall pay a fee set by department rule. Reasonable fees may be charged for administration and enforcement responsibilities. A license holder may amend its license for a fee set by the department. Limited license valid for one year.</p> <p>New license status of inactive, temporary and emergency, fees set by the department.</p>	1993 by H.B. 456, 73rd Leg. R.S.	TEX. OCC. CODE ANN. sec. 51.4011, sec. 51.407, sec. 51.408  TEX. LAB. CODE ANN. sec. 91.015, sec. 91.016, sec. 91.017, sec. 91.018, sec. 91.019, sec. 91.021	452 - Texas Department of Licensing and Regulation	0001 - General Revenue Fund

**APPENDIX E (continued)**  
**State Professional Fees Detail as of Fiscal 2022**

Occupation	Description	Origin Date	Legal Cites	Collecting Agencies	Deposit Funds
Professional Engineers	<p>Fees for each professional engineer as set by the board in amounts necessary to cover administration of: license, registration, certification, examination, renewal, duplicate, re-examination, roster and inactive status.</p> <p>Renewal of expired license: 90 days or less - required renewal fee and applicable fees; more than 90 days but less than 2 years - required renewal fee, a late fee and any fee increases; over 2 years - may not renew, must reapply.</p> <p>Board may adopt reduced license and annual renewal fees for engineers at least 65 years old or who are disabled and not actively engaged in the practice of engineering.</p> <p>Board may impose administrative penalty against a person in violation up to \$5,000 (collected under Revenue Object 3770). Each day a violation continues is a separate penalty.</p>	1937 by the 45th Leg.	TEX. OCC. CODE ANN. sec. 1001.204, sec. 1001.502	460 - Texas Board of Professional Engineers and Land Surveyors	An account with the Texas Treasury Safekeeping Trust Company
Property Tax Consultants	<p>Applicants shall pay nonrefundable application examination registration fees to register as a property tax consultant, or senior property tax consultant in amounts set by the commission.</p> <p>New license status of inactive, temporary and emergency, fees set by the department.</p> <p>Administrative penalties not to exceed \$5,000 per day per violation (collected under Revenue Object 3770). Civil penalties not to exceed \$5,000 per day per violation (collected under Revenue Object 3717).</p>	1991 by S.B. 773, 72nd Leg. R.S.	TEX. OCC. CODE ANN. ch. 1152, sec. 51.4011, sec. 51.407, sec. 51.408, sec. 51.302, sec. 51.352	452 - Texas Department of Licensing and Regulation	0001 - General Revenue Fund
Psychologists	<p>Fees established in amounts reasonable and necessary to cover administrative costs for issue, renewal, exams and other authorized programs.</p> <p>Late renewal before 90 days - 1½ times renewal fee; 90 days to 1 year - 2 times renewal fee; over one year must obtain initial license.</p> <p>Administrative penalty up to \$5,000 per violation (collected under Revenue Object 3770). Civil penalty is up to \$1,000 for each day of violation (collected under Revenue Object 3717).</p> <p>Initial licenses fee was increased by \$5 and renewal by \$1, effective Sept. 1, 2003 to fund the Office of Patient Protection within the Health Professions Council.</p>	1969 by the 61st Leg.	TEX. OCC. CODE ANN. sec. 101.307, sec. 507.255, sec. 507.154, sec. 507.352, sec. 507.402	510 - Texas Behavioral Health Executive Council	0001 - General Revenue Fund
Real Estate	<p>Real estate brokers and sales agent fees:</p> <p>TEX. OCC. CODE ANN. 1101.152</p> <ul style="list-style-type: none"> <li>• Original, renewal application or annual certification for individual real estate broker license</li> <li>• Original, renewal application or annual certification of a real estate sales agent</li> <li>• Examination Fee</li> <li>• License for each branch office</li> <li>• Request for change of place of business, name or sponsoring broker or return to active status</li> <li>• Duplicate license</li> <li>• Application for approval of a real estate education program and operation of a real estate school</li> <li>• Transcript evaluation</li> <li>• A fee for preparing a license or registration history</li> <li>• Fee for filing an application for a moral character determination and conducting a criminal history check</li> <li>• Application for approval of course of study, provider or instructor of real estate continuing education courses</li> </ul> <p>1101.457</p> <ul style="list-style-type: none"> <li>• Fee for deferral of continuing education</li> </ul> <p>1101.154</p> <ul style="list-style-type: none"> <li>• Additional \$20 fee to be sent to the Texas Real Estate Research Center, Texas A&amp;M University on every sales agent license or certificate registration. Fee for brokers is \$70</li> </ul>	1939 by the 47th Leg.	TEX. OCC. CODE ANN. sec. 1101.152, sec. 1101.154, sec. 1101.451, sec. 1101.457, sec. 1101.603, sec. 1101.702, sec. 1101.3015, sec. 1102.251, sec. 1102.352, sec. 1103.156, sec. 1103.2111, sec. 1103.209, sec. 1103.212, sec. 1103.552, sec. 1104.052	329 - Texas Real Estate Commission	0001 - General Revenue Fund 0028 - GR Account - Appraiser Registry An account with the Texas Treasury Safekeeping Trust Company

**APPENDIX E (continued)**  
**State Professional Fees Detail as of Fiscal 2022**

Occupation	Description	Origin Date	Legal Cites	Collecting Agencies	Deposit Funds
Real Estate (concluded)	<p>1101.603</p> <ul style="list-style-type: none"> <li>Additional \$10 fee for each broker, sales agent and registrant license for deposit to the Real Estate Recovery Fund 0971 (outside the state treasury). If the commission determines the fund balance is less than \$1 million, it may levy an additional fee.</li> </ul> <p>Inspector fees:</p> <p>TEX. OCC. CODE ANN. 1102.251</p> <ul style="list-style-type: none"> <li>Application and renewal for apprentice inspector license</li> <li>Application and renewal for real estate inspector</li> <li>Application and renewal for professional inspector license</li> <li>Inspector change of place of business information</li> <li>Inspector replacement license</li> <li>Request for name change, return to actual status or change in sponsoring professional inspector</li> <li>Inspector license examination fee</li> </ul> <p>1102.352</p> <ul style="list-style-type: none"> <li>Additional inspector license fee of \$200 for deposit to Real Estate Inspection Recovery Fund 0988 (outside the state treasury). The commission may charge each inspector an additional \$75 if the fund balance falls below \$300,000.</li> </ul> <p>Appraiser fees:</p> <p>TEX. OCC. CODE ANN. 1103.156</p> <ul style="list-style-type: none"> <li>Appraiser application for license/certification and annual renewal fee</li> <li>Appraiser examination fee</li> <li>Appraiser trainee application and renewal fee</li> <li>Non-resident appraiser registration fee</li> <li>Appraiser registry fee up to the amount required by the appraisal subcommittee</li> <li>Appraiser returned to active status</li> </ul> <p>1103.209</p> <ul style="list-style-type: none"> <li>Fee and form for reciprocity submitted by appraiser from another state must be comparable to that required by certifying state</li> </ul> <p>1103.212</p> <ul style="list-style-type: none"> <li>Appraiser extension to complete continuing education</li> </ul> <p>1104.052</p> <ul style="list-style-type: none"> <li>National registry fee collected from each federally regulated appraisal management company</li> </ul> <p>Other fees:</p> <p>1101.451 and 1103.2111</p> <ul style="list-style-type: none"> <li>The renewal fee for a license expired 90 days or less - 1½ times the regular renewal fee. For a license, the licensee must pay a fee equal to 1½ times required renewal fee; if expired more than 90 days but less than 1 year - 2 times the renewal fee.</li> </ul> <p>1101.702 and 1103.552</p> <ul style="list-style-type: none"> <li>Commission may charge administrative penalties up to \$5,000 per violation (collected under Revenue Object 3770).</li> </ul>				
	<p>Residential service contract means any contract or agreement whereby, for a fee, a person undertakes, for a specified period of time, to maintain, repair or replace all or part of structural components, appliances or electrical, plumbing, heating, cooling or air-conditioning systems of residential property.</p> <p>No person shall perform services pursuant to residential service contracts unless they are a licensed service company or its authorized representative. Fees are required for filing a copy of original application for license or amendment, for filing each annual report, for the expense of any examinations and for every other filing required by law.</p>	1979 by H.B. 962, 66th Leg.	TEX. OCC. CODE ANN. ch. 1304	452 - Texas Department of Licensing and Regulation	0001 - General Revenue Fund

**APPENDIX E (continued)**  
**State Professional Fees Detail as of Fiscal 2022**

Occupation	Description	Origin Date	Legal Cites	Collecting Agencies	Deposit Funds
Salvage Dealers/ Agents	<p>A person may not act as an automobile recycler or salvage vehicle dealer without a license or an independent motor vehicle dealer's general distinguishing number issued under Transp. Code Ch. 503. Application must be accompanied by an application fee. License may be renewed annually by payment of the required renewal fees.</p> <p>Fees set by commission to cover cost of administration. If license has expired, the person may renew by paying the following fees: 90 days or less - 150 percent of renewal fee, 91 days to 1 year - 200 percent of the renewal fee, 1 year or longer - may not renew, must obtain original license.</p>	1995 by H.B. 2599, 74th Leg. R.S.	TEX. OCC. CODE ANN. ch. 2302	608 - Texas Department of Motor Vehicles	0001 - General Revenue Fund
Sanitarians	To record fees charged for regulating sanitarians. Fees are set by the executive commissioner for registrations, renewals and examinations for professional sanitarians and sanitarians in training in amounts to cover costs of administration and enforcement.	1965 by S.B. 333, 59th Leg.	TEX. OCC. CODE ANN. sec. 1953.104, sec. 1953.105, sec. 1953.151, sec. 1953.106	452 - Texas Department of Licensing and Regulation	0001 - General Revenue Fund
Securities Act	<p>A fee up to \$100 for filing the following:</p> <ul style="list-style-type: none"> <li>• An original application for dealer or investment adviser registration or filing for a federal covered investment adviser</li> <li>• A renewal application for dealer or investment adviser registration or renewal for a federal covered investment adviser</li> <li>• An original application for each agent, officer or investment adviser representative or filing for each representative of a federal covered investment adviser</li> <li>• A renewal application for each agent, officer or investment adviser representative or renewal for each representative of a federal covered investment adviser</li> </ul> <p>\$25 fee to amend the registration certificate of a dealer, or agent, investment adviser or investment adviser representative, or issue duplicate certificates. \$35 fee for filing a request to take the Texas Securities Law Examination.</p>	1935 by the 44th Leg.	TEX. REV. CIV. STAT. ANN. art. 581-35(B) (8), art. 581-42	312 - State Securities Board	0001 - General Revenue Fund
Service Contract Providers and Administrators	<p>A person may not operate as a service contract provider or administrator unless registered. Each applicant shall pay a registration and renewal fee based on the number of contracts sold during the preceding 12 months to cover costs of administration. Administrative penalties not to exceed \$5,000 per day (collected under Revenue Object 3770). Civil penalties not to exceed \$2,500 per violation or \$50,000 aggregate (collected under Revenue Object 3717).</p> <p>New license status of Inactive, Temporary and Emergency, fees set by the department.</p>	1999 by S.B. 1775, 76th Leg. R.S.	TEX. OCC. CODE ANN. sec. 51.4011, sec. 51.407, sec. 51.408, sec. 51.302, sec. 1304.103, sec. 1304.201, sec. 1304.202	452 - Texas Department of Licensing and Regulation	0001 - General Revenue Fund
Sexually Oriented Businesses	A fee is imposed on a sexually oriented business in an amount equal to \$5 for each entry by each customer admitted to the business.	2007 by H.B. 1751, 80th Leg. R.S.	TEX. BUS. & COMM. CODE ANN. sec. 102.052, sec. 102.054	902 - Comptroller - State Fiscal	5010 - GR Account - Sexual Assault Program
Solicitation -- Public Safety	<p>A public safety organization, independent promoter or public safety publication may not solicit unless a registration statement has been filed and a registration or renewal fee of \$250 has been paid. Volunteer fire fighters that solicit only in the area of the fire fighters jurisdiction are excluded.</p> <p>A public safety organization, independent promoter or public safety publication may not use a solicitor unless the solicitor has filed a registration statement and paid a \$500 registration or renewal fee and filed the required bond. Registration statement effective date is the date of Secretary of State certificate issuance.</p> <p>Civil penalties are up to \$2,500 for a single violation or \$10,000 for all violations (collected under Revenue Object 3717).</p>	1993 by H.B. 712, 73rd Leg. R.S.	TEX. OCC. CODE ANN. sec. 1803.054, sec. 1803.055, sec. 1803.154	307 - Secretary of State	0001 - General Revenue Fund

**APPENDIX E (continued)**  
**State Professional Fees Detail as of Fiscal 2022**

Occupation	Description	Origin Date	Legal Cites	Collecting Agencies	Deposit Funds
Solicitation -- Veterans	<p>Before beginning solicitations:</p> <ul style="list-style-type: none"> <li>• a veteran's organization must file a registration statement with a \$150 fee</li> <li>• a solicitor for a veteran's organizations must file a registration statement with a \$500 fee</li> <li>• if required, reports of solicitation must be accompanied by a \$50 filing fee</li> </ul> <p>The effective date of the registration statement is the date on which the Secretary of State issues the certificate. Civil penalty for violation of Chapter 1804 up to \$10,000 for each violation, for violation of an injunction up to \$100,000 (collected under Revenue Object 3717).</p>	1993 by H.B. 1899, 73rd Leg. R.S.	TEX. OCC. CODE ANN. sec. 1804.053, sec. 1804.055, sec. 1804.204	307 - Secretary of State	0001 - General Revenue Fund
Solid Waste Technicians	<p>A person who constructs, installs, alters, extends, services, maintains or repairs an on-site sewage disposal system or any part of an on-site sewage disposal system for compensation must hold a license or registration issued by the commission under Chapter 37, Water Code. A person who conducts preconstruction site evaluations, including visiting a site and performing a soil analysis, a site survey, or other activities necessary to determine the suitability of a site for an on-site sewage disposal system must also hold a license.</p> <p>Fees are to cover the cost of administering and enforcing Ch. 37 and licenses and registrations issued under Ch. 37.</p>	1981 by H.B. 1407, 67th Leg.	TEX. WATER CODE ANN. sec. 37.009  TEX. HEALTH & SAFETY CODE ANN. sec. 361.027, sec. 366.071	582 - Texas Commission on Environmental Quality	0468 - GR Account - Texas Commission On Environmental Quality Occupational Licensing
Speech-Language Pathologists and Audiologists	<p>To record fees for regulation of a speech-language pathologists and audiologists. The commission shall set fees in amounts to cover costs of administration for applications, licenses, renewals, examinations and other programs or activities for which a fee is authorized.</p> <p>Fees to renew expired licenses are between 1½ to 2 times the normally required renewal fee.</p>	1983 by S.B. 813, 68th Leg. R.S.	TEX. OCC. CODE ANN. sec. 51.401, sec. 51.202, sec. 401.303, sec. 401.305, sec. 401.310	452 - Texas Department of Licensing and Regulation	0001 - General Revenue Fund
Structural Pest Control	<p>The board may set and charge structural pest control businesses or certified applicators fees to cover administrative costs for the following:</p> <ul style="list-style-type: none"> <li>• Structural pest control businesses license</li> <li>• Each certified applicator license</li> <li>• A temporary business or applicator's license</li> <li>• Technician license</li> <li>• Testing fee</li> <li>• Consideration for approval of training courses</li> <li>• Purchase or borrowing of materials</li> <li>• Pretreatment inspection</li> </ul> <p>The board may assess civil penalties between \$50 and \$2,000 for each violation (collected under Revenue Object 3717).</p>	1971 by S.B. 910, 62nd Leg.	TEX. OCC. CODE ANN. ch. 1951	551 - Department of Agriculture	0001 - General Revenue Fund
Surgical Assistants	<p>A person may not practice as a surgical assistant unless licensed. The medical board shall set fees in amounts reasonable and necessary for administration of the program. If the license has been expired for 90 days or less, the renewal fee is 1½ times the standard renewal fee. For licenses expired 90 days to 1 year, the fee is 2 times the standard renewal fee. Licenses expired over 1 year must reapply.</p>	2001 by H.B. 1183, 77th Leg. R.S.	TEX. OCC. CODE ANN. sec. 206.208	503 - Texas Medical Board	0001 - General Revenue Fund
Talent Agencies	<p>The department may charge each talent agency reasonable fees to cover cost of program administration. Fees are for filing and renewals of registration and certificates. Fees are set by the Texas Department of Licensing and Regulation, with filing and updates to registration statements having a maximum fee of \$100.</p>	1990 by S.B. 759, 71st Leg. R.S.	TEX. OCC. CODE ANN. sec. 51.4011, sec. 51.407, sec. 51.408	452 - Texas Department of Licensing and Regulation	0001 - General Revenue Fund
Telephone Sellers	<p>A seller may not engage in telephone solicitation without certificate of registration, obtained by filing a registration statement and filing fee of \$200. Separate certificate required for each business location from which solicitation is made. Registration statement effective for 1 year and may be renewed by filing renewal registration statement and paying a filing fee.</p>	1993 by H.B. 364, 73rd Leg. R.S.	TEX. BUS. & COMM. CODE ANN. sec. 302.106, sec. 302.104	307 - Secretary of State	0001 - General Revenue Fund

**APPENDIX E (continued)**  
**State Professional Fees Detail as of Fiscal 2022**

Occupation	Description	Origin Date	Legal Cites	Collecting Agencies	Deposit Funds
Therapeutic Optometry	A person may not engage in the practice of therapeutic optometry without holding a license and paying the following fees as set by the board: examination fee, re-examination fee, license fee, license renewal fee, lost license fee. Late fees before 90 days - renewal fee plus 1/2 exam fee. 90 days to 1 year - renewal fee plus exam fee. A license holder on retired status must pay a renewal fee equal to the renewal fee on an inactive status and renewal plus administrative fees for reinstatement.	1991 by S.B. 774, 72nd Leg. R.S.	TEX. OCC. CODE ANN. sec. 351.152, sec. 351.258	514 - Texas Optometry Board	0001 - General Revenue Fund
Timeshare Regulation	No person shall offer or dispose of a timeshare interest unless the property is registered. The commission shall establish reasonable fees for forms and documents provided to the public, for filing documents and for abbreviated registration application. The commission shall investigate matters relating to the application and may require inspection of the property. All direct expenses incurred by the commission in inspecting the property shall be borne by the applicant and an advance deposit to cover expenses may be required. May set administrative penalty up to \$10,000 for revoked or suspended developer.	1985 by S.B. 92, 69th Leg. R.S.	TEX. PROP. CODE ANN. sec. 221.021, sec. 221.024	329 - Texas Real Estate Commission	An account with the Texas Treasury Safekeeping Trust Company
Training, Registration of HIV Counselors	Department shall develop and offer a training course providing HIV counseling, including information on special needs of persons with HIV, the importance of early intervention/treatment and recognition of psychosocial needs. Department shall maintain a registry of persons who successfully complete the training course. Department may charge a fee for training persons other than employees of entities receiving state or federal funds for HIV counseling and testing programs. The executive commissioner shall set a fee in an amount reasonable and necessary to cover the costs of training.	1989 by S.B. 959, 71st Leg. R.S.	TEX. HEALTH & SAFETY CODE ANN. sec. 85.087	537 - Department of State Health Services	0001 - General Revenue Fund
Underground Storage Tank Installers	The commission shall charge necessary fees to defray costs of administration including: <ul style="list-style-type: none"> <li>• Examination fee</li> <li>• Initial license application</li> <li>• Annual license renewal fee</li> <li>• Late renewal fee</li> <li>• Duplicate license fee</li> <li>• Certification of registration application fee</li> <li>• Certification of registration issuance fee</li> <li>• Certification of registration annual renewal fee</li> <li>• Duplicate certification of registration or license</li> <li>• Application to change certificate of registration</li> <li>• Approval of continuing education programs</li> </ul> If a person remits an examination fee and initial license application fee, the examination fee shall be applied to the license application fee so that an applicant does not pay more than \$200 for an initial application and examination.	1989 by H.B. 183, 71st Leg. R.S.	TEX. WATER CODE ANN. sec. 37.008, sec. 37.009	582 - Texas Commission on Environmental Quality	0468 - GR Account - Texas Commission On Environmental Quality Occupational Licensing
Used Automotive Parts Recyclers	Application and license fees to own or operate a used automobile parts recycling business or to sell used auto parts. A separate license is required for each facility. If license has expired, the person may renew by paying the following fees: 90 days or less - 150 percent of renewal fee; 91 days to 18 months - 200 percent of the renewal fee; 18 months but less than 3 years - 200 percent of fee. Includes license status of Inactive, Temporary and Emergency, fees set by the department. <p>Administrative penalties not to exceed \$5,000 per day per violation (collected under Revenue Object 3770). Civil penalties not to exceed \$5,000 per day per violation (collected under Revenue Object 3717).</p>	2009 by H.B. 3097, 81st Leg. R.S.	TEX. OCC. CODE ANN. sec. 51.401, sec. 51.302, sec. 51.352, sec. 2309.104, sec. 2309.151, sec. 2309.152, sec. 2309.153, sec. 2309.251	452 - Texas Department of Licensing and Regulation	0001 - General Revenue Fund

**APPENDIX E (concluded)**  
**State Professional Fees Detail as of Fiscal 2022**

Occupation	Description	Origin Date	Legal Cites	Collecting Agencies	Deposit Funds
Veterinary	<p>Fees for each person before practicing as a veterinarian, veterinary technician, or equine dental provider in amounts set by the board, sufficient to cover administration. Late renewal before 90 days - renewal fee equal to 1½ times renewal fee set by the board. 90 days to 1 year - renewal fee 2 times renewal fee set by the board. If expired 1 year or more, must reapply.</p> <p>Administrative penalty up to \$5,000 for each violation per day (collected under Revenue Object 3770). Civil penalty is \$1,000 for each day of violation (collected under Revenue Object 3717).</p> <p>Initial license or registration fee increased by \$5 and renewal by \$1 effective Sept. 1, 2003.</p>	1911 by the 32nd Leg. R.S. (ch. 76, p. 132)	TEX. OCC. CODE ANN. sec. 101.307, sec. 801.303, sec. 801.452, sec. 801.265, sec. 801.503	578 - State Board of Veterinary Medical Examiners	0001 - General Revenue Fund
Water Treatment Specialists	A person may not engage in water treatment to install, exchange, service and repair residential, commercial or industrial water treatment equipment and appliances without a certificate. Commission shall charge reasonable fees sufficient to pay for administration costs, not to exceed \$150 a year.	1981 by the 67th Leg.	TEX. OCC. CODE ANN. sec. 1904.051	582 - Texas Commission on Environmental Quality	0001 - General Revenue Fund

**APPENDIX F**  
**Summary of Changes, Major Texas Insurance Premium Tax Rates**  
**1907 to 2022**

*When multiple rates are presented, they apply in inverse proportion to the share of investments in Texas*

Legislature	Year	Property and Casualty Domestic (%)	Property and Casualty Foreign (%)	Life, Accident and Health Domestic (%)	Life, Accident and Health Foreign (%)	Title (%)	Licensed Captives (%)
30th	1907 <sup>a</sup>	2.0	2.0	0.5/1.0/3.0	0.5/1.0/3.0		
31st	1909	2.0	2.0	0	1.5/2.0/2.5/3.0		
32nd	1911	0.5/1.0/2.6	0.5/1.0/2.6	0	1.5/2.0/2.5/3.0		
44th	1936	0.625/1.25/3.25	0.625/1.25/3.25	0.5	2.5/2.9/3.25/3.75		
45th	1937	0.625/1.25/3.25	0.5/2.0/3.25	0.5	2.5/2.9/3.25/3.75		
46th	1939 <sup>b</sup>	0.625/1.25/3.25	0.5/2.0/3.25	0.5	2.5/2.9/3.25/3.75		
47th	1941	0.75/1.5/4.05	0.5/3.0/4.05	0.625	3.1/3.6/4.0/4.65		
49th	1945 <sup>c</sup>	1.0/1.5/2.0/2.75/3.5	1.0/1.5/2.0/2.75/3.5	0.95/1.75/2.5/2.75/3.0/3.75	0.95/1.75/2.5/2.75/3.0/3.75		
51st	1949	1.0/1.5/2.0/2.75/3.5	1.0/1.5/2.0/2.75/3.5	1.0	1.75/2.0/2.5/2.75/3.0		
52nd	1951	1.1/1.65/2.2/2.75/3.025/3.85	1.1/1.65/2.2/2.75/3.025/3.85	1.1	1.75/2.0/2.5/2.75/3.0		
67th	1981	1.2/2.4/3.5	1.2/2.4/3.5	1.1	1.75/2.0/2.5/2.75/3.0		
68th	1983	1.2/2.4/3.5	1.2/2.4/3.5	1.1	1.925/2.2/2.75/3.025/3.3		
68th	1984	1.2/2.4/3.5	1.2/2.4/3.5	1.1/1.8/2.5	1.1/1.8/2.5		
69th	1985	1.2/2.4/3.5	1.2/2.4/3.5	1.1/1.8/2.5	1.1/1.8/2.5		
70th	1987 <sup>d,e</sup>	1.2/2.4/3.5	1.2/2.4/3.5	1.1/1.8/2.5	1.1/1.8/2.5	1.3/2.0	
71st	1989	1.6/2.4/3.5	1.6/2.4/3.5	1.1/1.8/2.5	1.1/1.8/2.5	1.3/2.0	
Rate changes enacted in the 71st Legislature that took effect in subsequent years							
	1990	1.6/2.4/3.5	1.6/2.4/3.5	1.3/1.85/2.4	1.3/1.85/2.4	1.3/2.0	
	1991	1.6/2.4/3.5	1.6/2.4/3.5	1.4/1.85/2.3	1.4/1.85/2.3	1.3/2.0	
	1992	1.6/2.4/3.5	1.6/2.4/3.5	1.5/1.85/2.2	1.5/1.85/2.2	1.3/2.0	
	1993	1.6/2.4/3.5	1.6/2.4/3.5	1.6/1.85/2.1	1.6/1.85/2.1	1.3/2.0	
	1994	1.6/2.4/3.5	1.6/2.4/3.5	1.7/1.85/2.0	1.7/1.85/2.0	1.3/2.0	
	1995	1.6/2.4/3.5	1.6/2.4/3.5	1.75	1.75	1.3/2.0	
76th	1999 <sup>f</sup>	1.6	1.6	1.75	1.75	1.35	
83rd	2013 <sup>g</sup>						0.5
No Changes since 83rd Legislative Session							

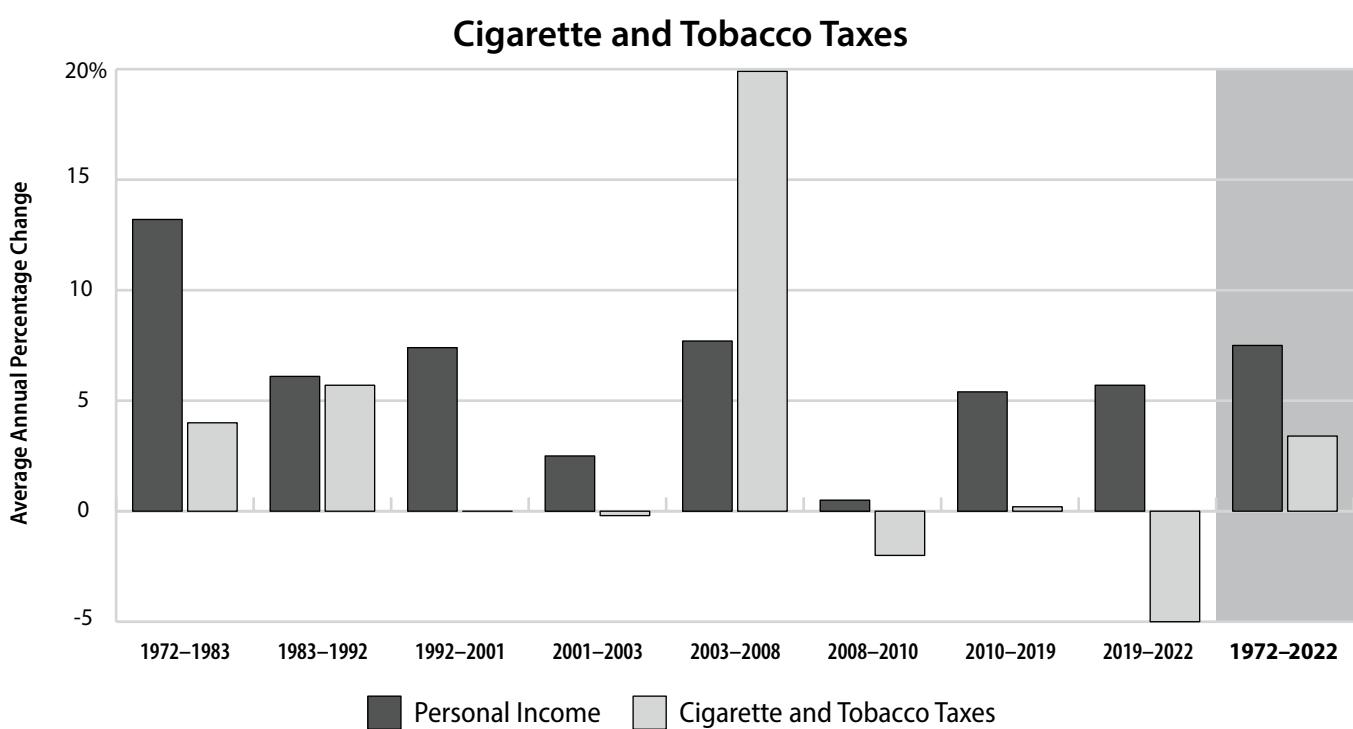
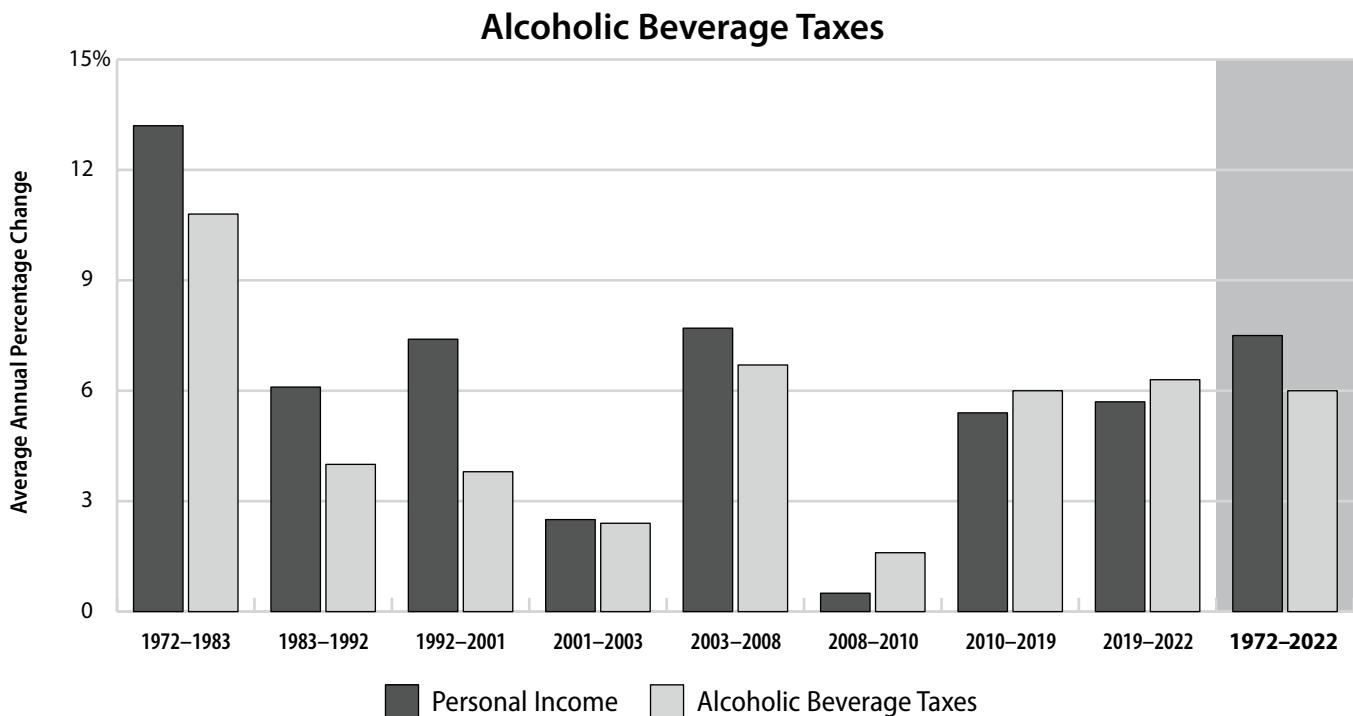
## Notes:

- a. Pre-1907: Insurance companies were assessed a flat \$50 annual tax.
- b. Change in Texas investment thresholds necessary for reduced tax rates.
- c. First \$450,000 in gross life premiums qualify for reduced tax rates.
- d. 20 percent surtax enacted by the 70th Legislature applicable to premiums written in calendar 1987 and 1988 only.
- e. Title separated from P&C by the 70th Legislature for premiums written in calendar 1988 and beyond.
- f. For premiums written in calendar 2000 and beyond.
- g. The minimum premium tax is \$7,500 and the maximum premium tax is \$200,000.

Source: Texas Comptroller of Public Accounts

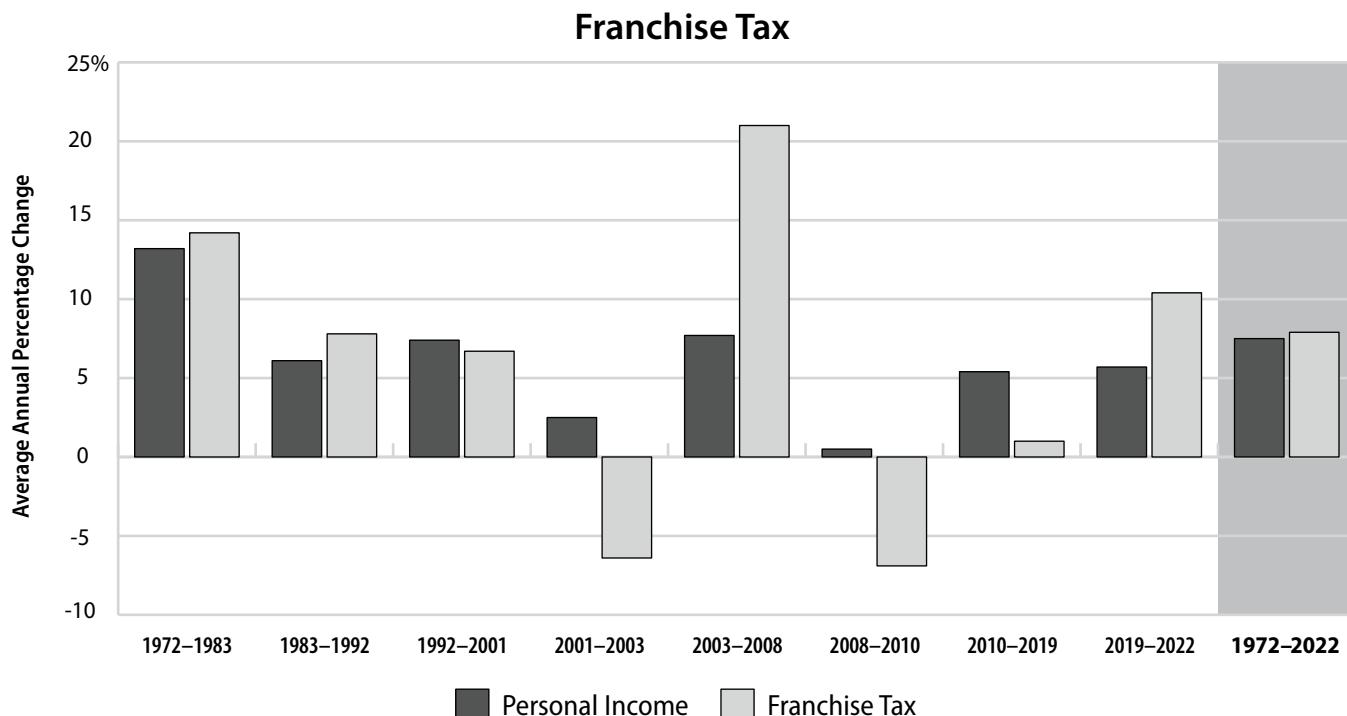
## APPENDIX G

**State Tax Collections and Personal Income, Fiscal 1972-2022**  
**Average Annual Growth Rates by Period**

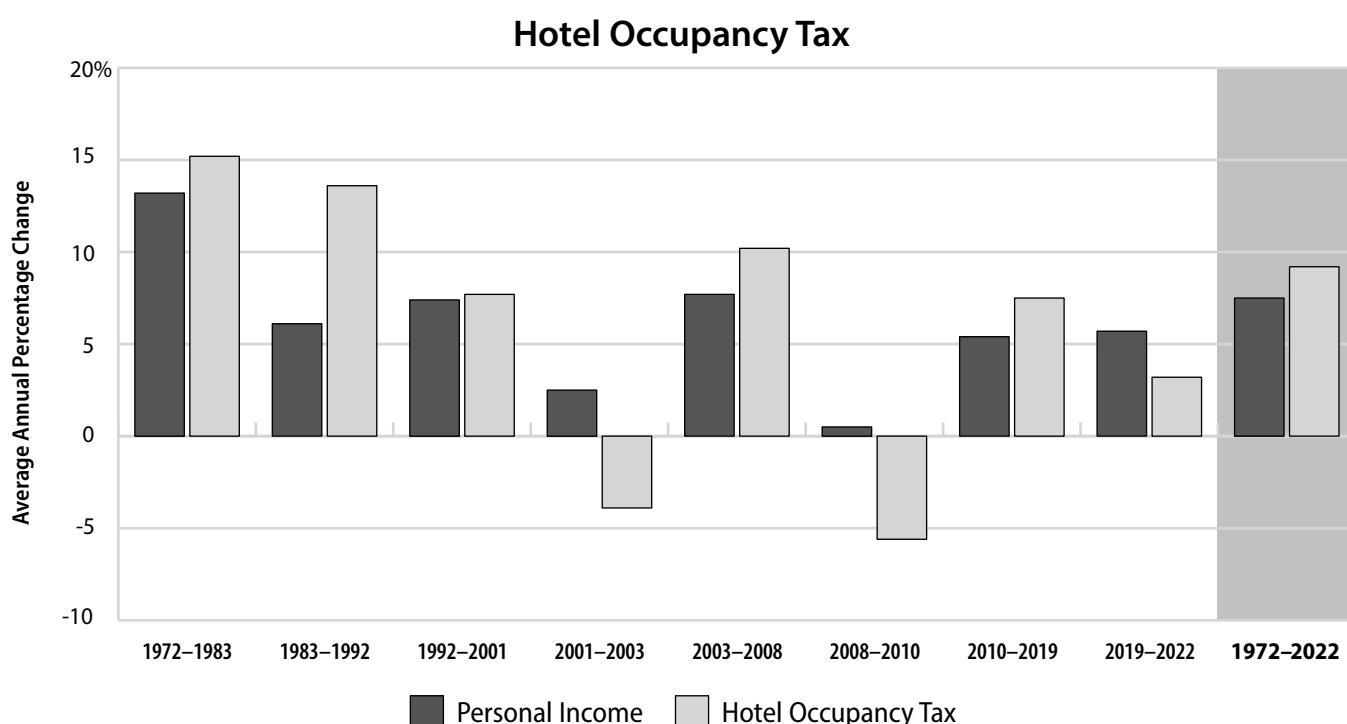


## APPENDIX G (continued)

**State Tax Collections and Personal Income, Fiscal 1972-2022**  
**Average Annual Growth Rates by Period**



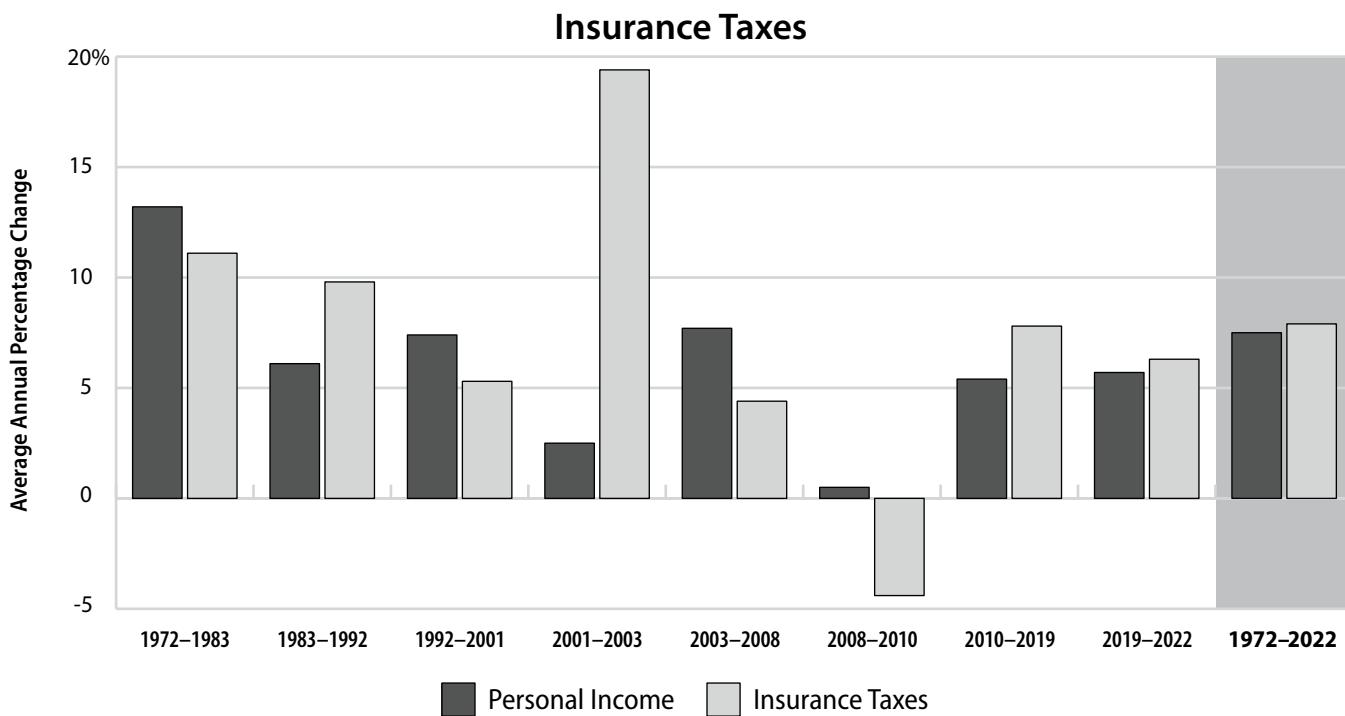
Source: Texas Comptroller of Public Accounts



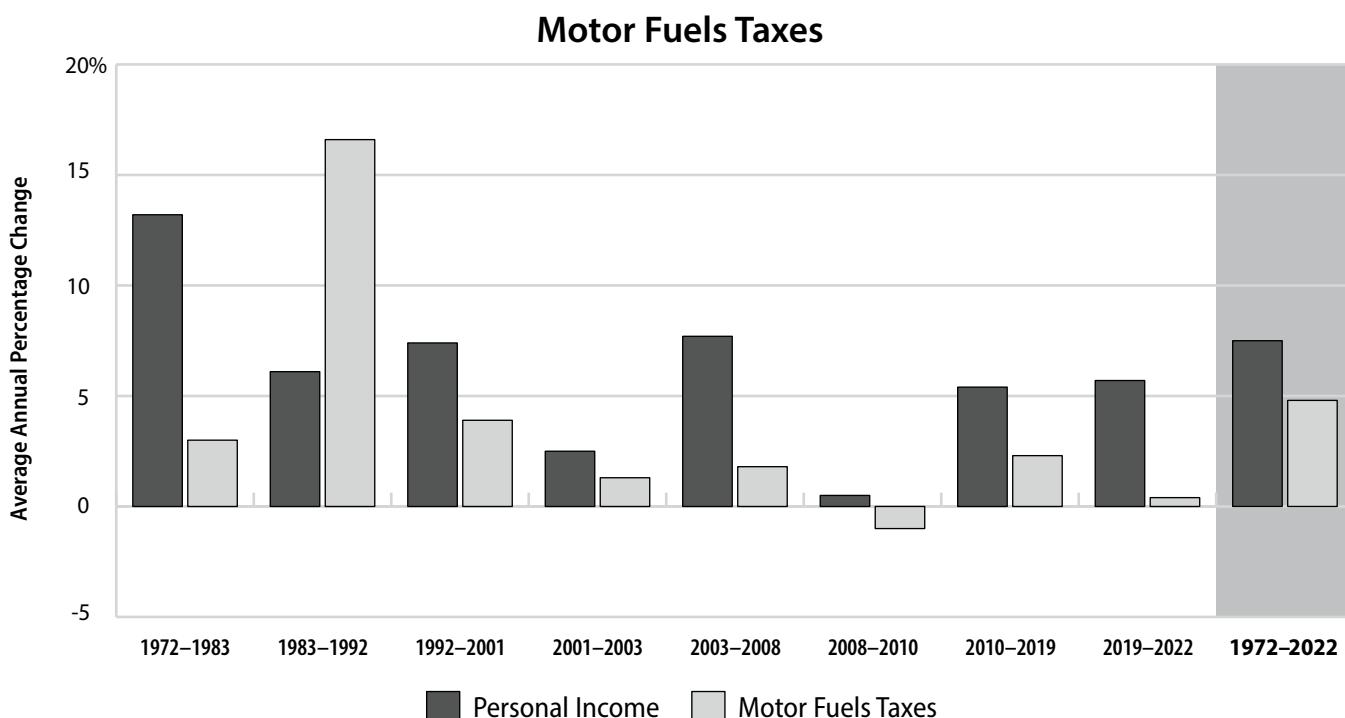
Source: Texas Comptroller of Public Accounts

## APPENDIX G (continued)

**State Tax Collections and Personal Income, Fiscal 1972-2022**  
**Average Annual Growth Rates by Period**



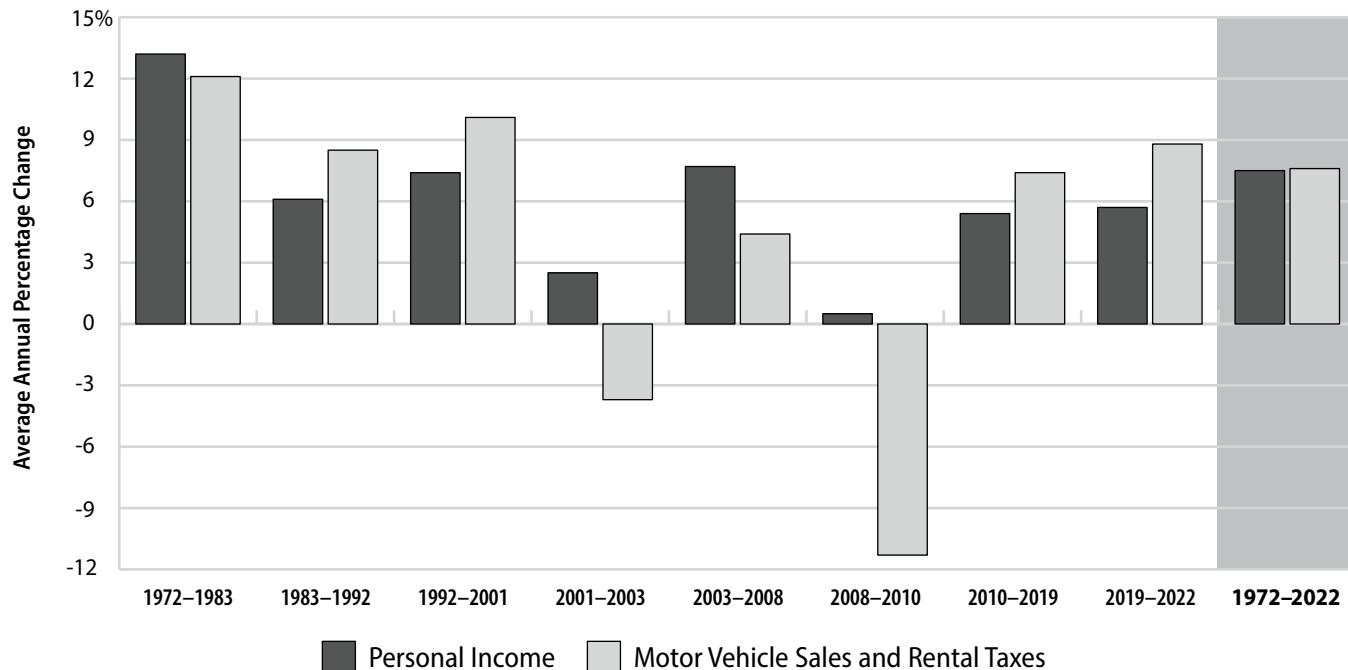
Source: Texas Comptroller of Public Accounts



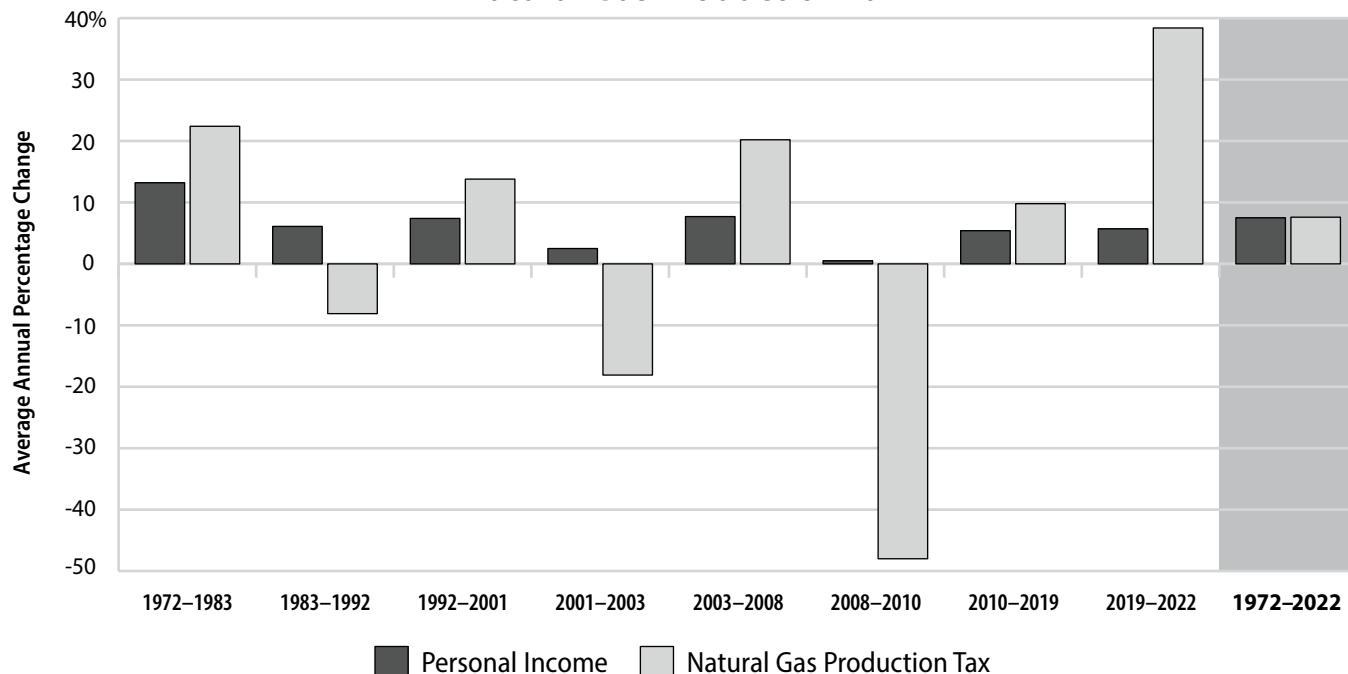
Source: Texas Comptroller of Public Accounts

## APPENDIX G (continued)

**State Tax Collections and Personal Income, Fiscal 1972-2022**  
**Average Annual Growth Rates by Period**

**Motor Vehicle Sales and Rental Taxes**

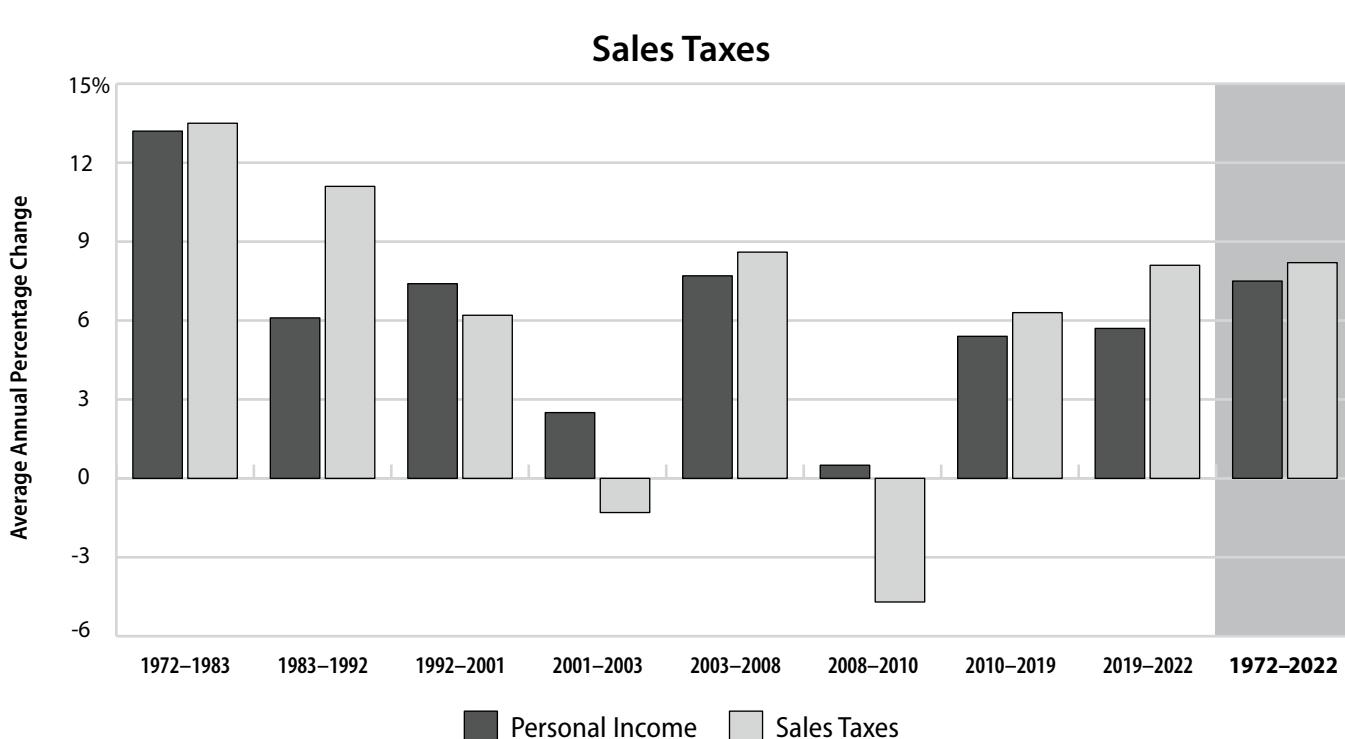
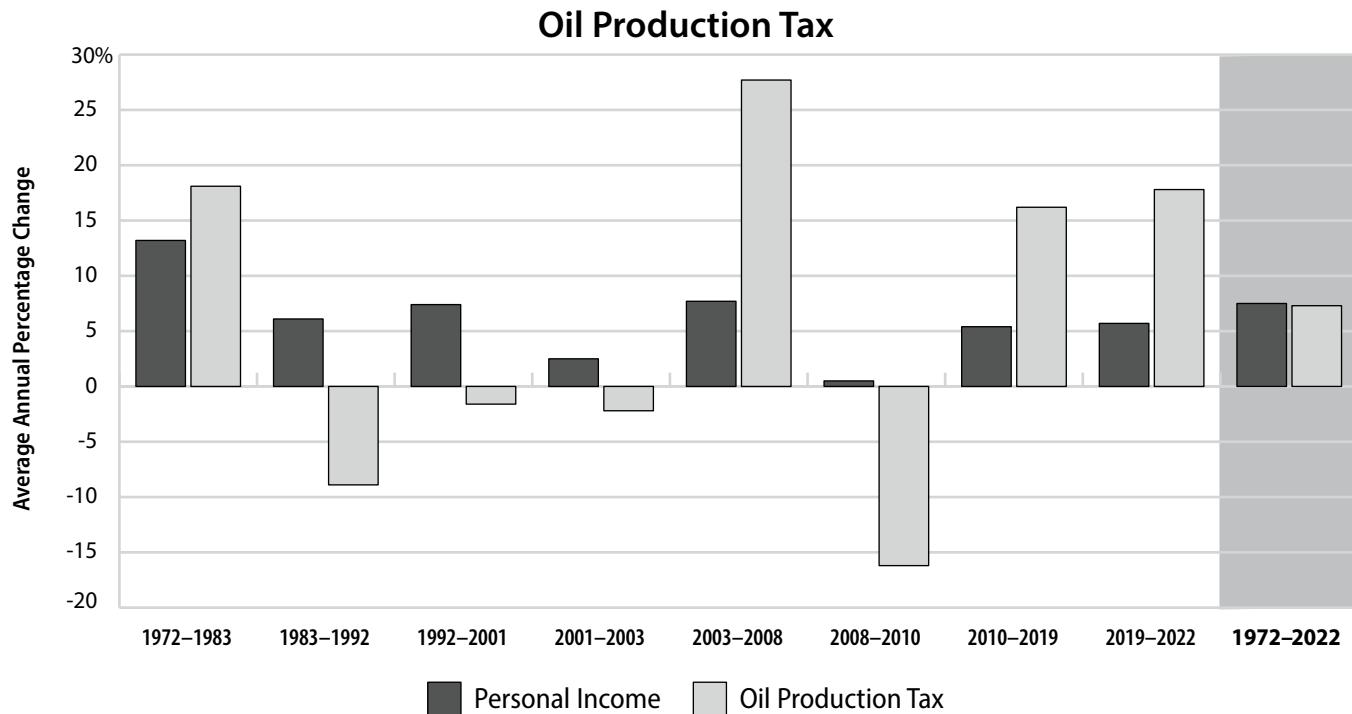
Source: Texas Comptroller of Public Accounts

**Natural Gas Production Tax**

Source: Texas Comptroller of Public Accounts

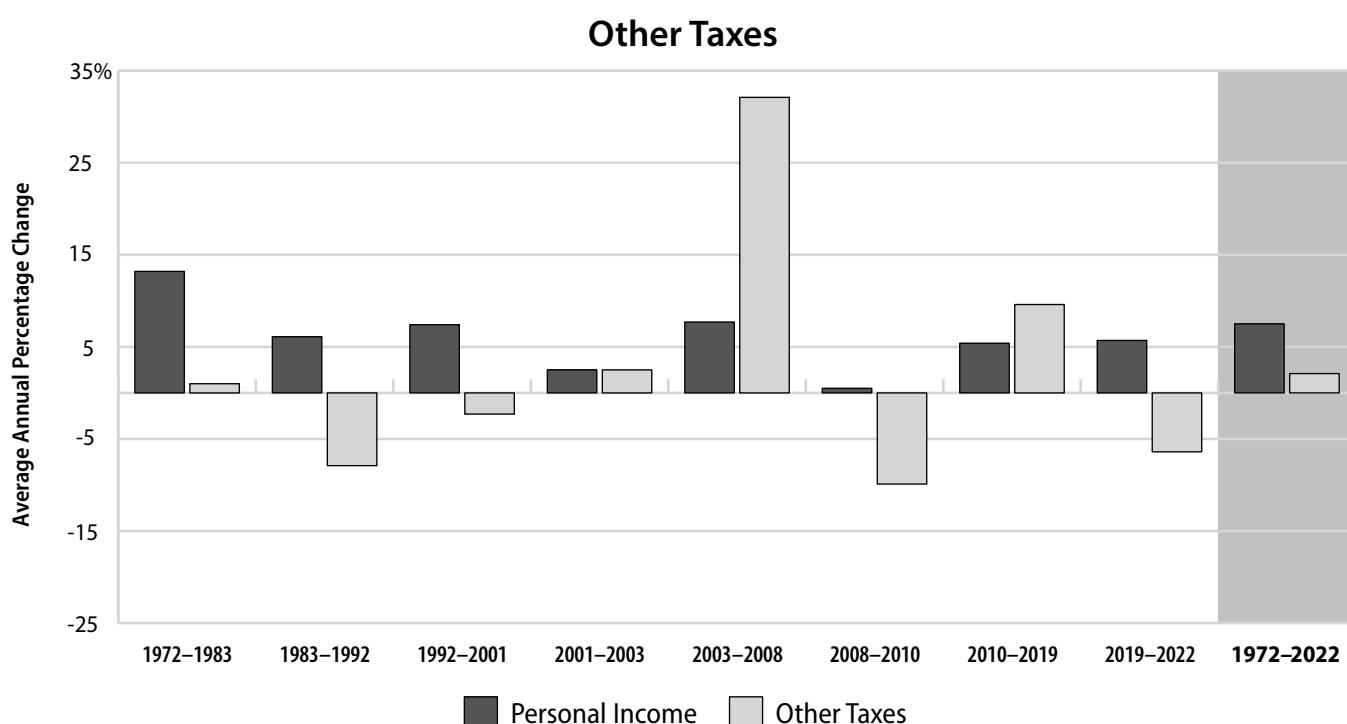
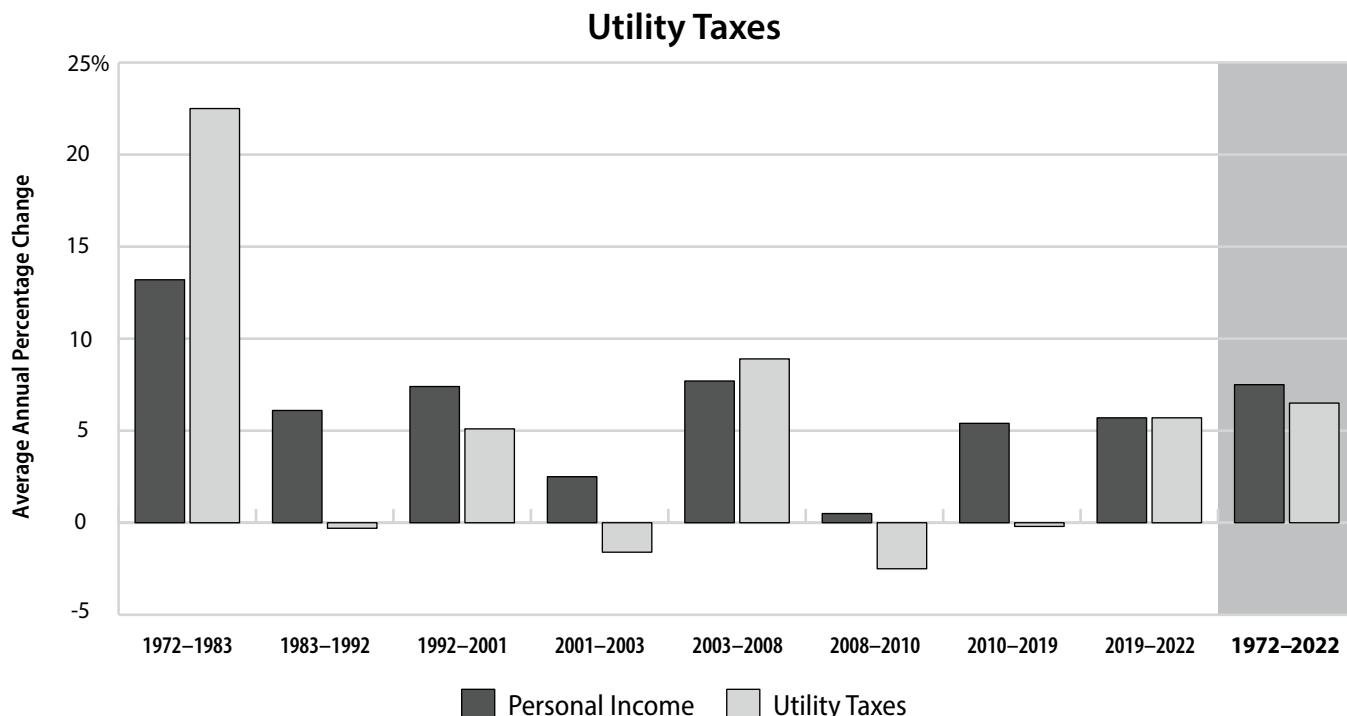
## APPENDIX G (continued)

**State Tax Collections and Personal Income, Fiscal 1972-2022**  
**Average Annual Growth Rates by Period**

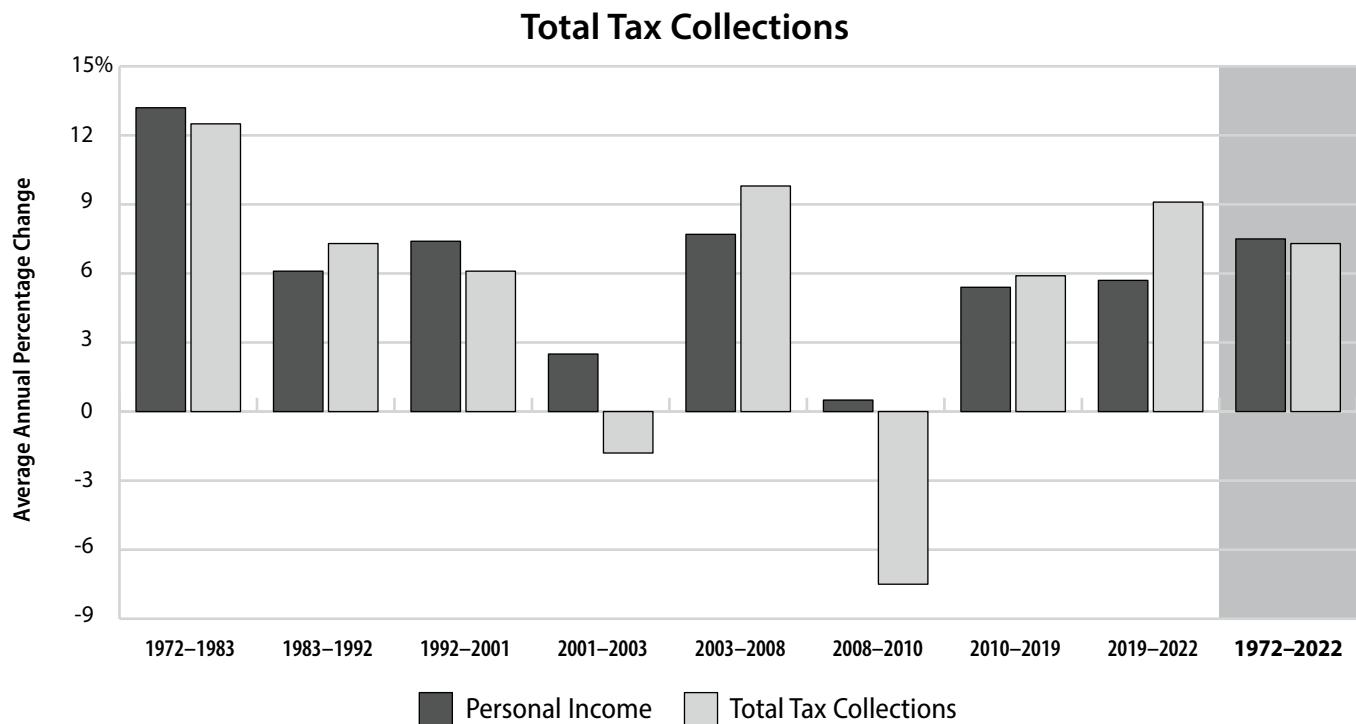


## APPENDIX G (continued)

**State Tax Collections and Personal Income, Fiscal 1972-2022**  
**Average Annual Growth Rates by Period**



## APPENDIX G (concluded)

**State Tax Collections and Personal Income, Fiscal 1972-2022**  
**Average Annual Growth Rates by Period**

Source: Texas Comptroller of Public Accounts





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