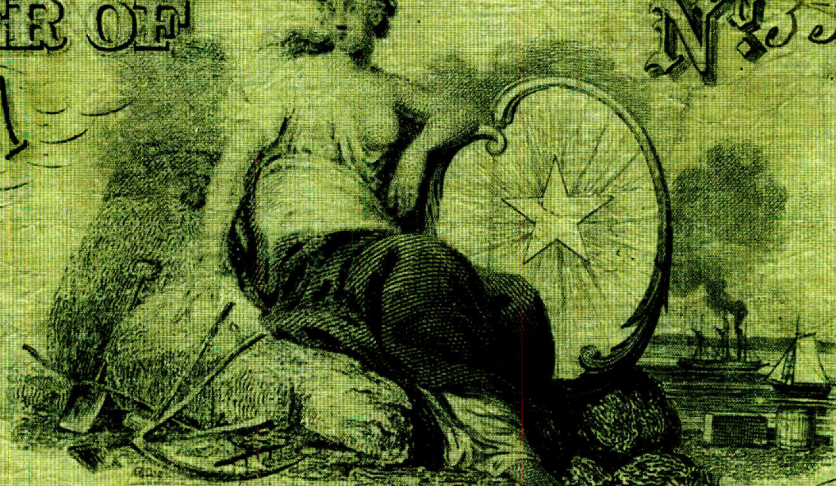


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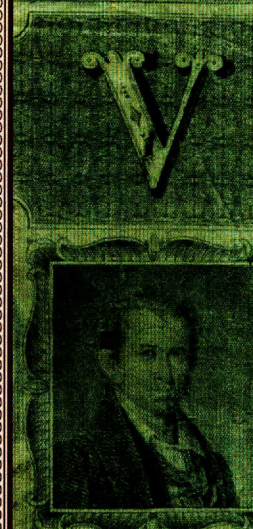


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# SOURCES OF REVENUE

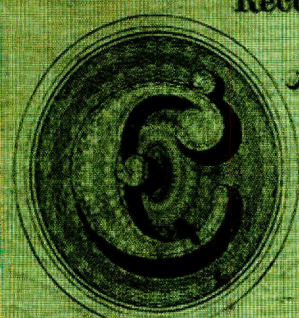
A HISTORY OF  
STATE TAXES AND FEES IN TEXAS  
1972-2013

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A HISTORY OF  
STATE TAXES AND FEES IN TEXAS  
1972-2013

## SOURCES OF REVENUE

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# SOURCES OF REVENUE

A HISTORY OF STATE TAXES AND FEES IN TEXAS

1972-2013

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## SOURCES OF REVENUE

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# SOURCES OF REVENUE

## INTRODUCTION

*The art of taxation consists in so plucking the goose as to obtain the largest amount of feathers with the least amount of hissing.*

– Jean-Baptiste Colbert

This publication is an updated version of *Sources of Revenue Growth* last issued by the Comptroller in 2004, and is intended as a quick guide to the history and current status of Texas state revenue sources. In an effort to provide the deepest historical perspective based on the most reliable and consistent data, this report uses the year 1972 as the starting point for tracking all legislative and economic changes affecting the state's revenue stream.

In public policy matters, the methods by which governments raise revenue always seem to take center stage. It is the Comptroller's hope that this publication will be a quick stop for policymakers, staff and other users on general information about Texas revenue sources. In addition to history, the report's profile pages provide legal cites, revenue history, rates and bases for revenue sources and other information that will give the user a general idea of the revenue source's place in the overall state revenue 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 has covered in detail in other publications and at [tellthetruthtexas.org](http://tellthetruthtexas.org). Taxes and fees are sources of current revenue drawn from citizens as they participate in the economy. In covering sources of Texas state revenue, the report

excludes the 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 coming 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 2006 when state taxes were increased to pay for property tax relief. The bills have included rate increases and decreases, base changes that either broadened or narrowed the tax base, due-date speed-ups and delays, new levies and repeals. This report supplies a detailed history of state tax and fee legislation from fiscal 1972 through fiscal 2013 as well as 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 September 1 through August 31.)

The report includes four main sections, ten 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. Table 2 then lists the major tax and related revenue bills enacted since 1972.

## SOURCES OF REVENUE

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The second section identifies and reviews each of the major taxes and fees collected in Texas, and the third identifies and tracks legislative and other changes affecting state tax and fee revenues from 1972 through 2013. The fourth section presents individual profiles of the state's major taxes and fees. Each profile provides details concerning statutory authority, enactment and administration, 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 2013. Appendix C provides a history of the legislative changes involving the state's principal revenue source, the Sales and Use tax, from its inception in 1961 through 2013. Appendices D-1 through D-3 provide interstate comparisons of tax rates and relative state rankings for major state taxes. Appendices E-1 and E-2 list the state's various professional fees and provide details relating to year of enactment, legal

citation, administration, and rates. 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; 1983-1992, an era of economic turmoil and numerous tax increases; 1992-2001, 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, when the national recession reached Texas; and 2010-13, the beginning of the post-recession recovery.

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 Tax Code and administrative rules. ❖

TABLE 1  
**Tax Rates and Bases for Texas State Taxes**  
**Fiscal 2014**

Tax	Rate and Base
Airline/Passenger Train Beverage Tax	5 cents per serving of an alcoholic beverage
Attorney Occupation Tax	\$200 per year on each attorney
Beer Tax	\$6 per 31-gallon barrel
Bingo Rental Tax	3 percent of the gross rental of premises for the conduct of bingo games by a licensed, authorized commercial lessor or licensee
Boat and Boat Motor Sales and Use Tax	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
Cement Production Tax	2.75 cents on the first intrastate distribution, sale, or use of each 100 pounds or fraction of 100 pounds of cement
Cigars and Tobacco Products Tax	55 cents per ton or 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 (in fiscal 2014) 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
Cigarette Tax	\$70.50 per 1,000 cigarettes weighing 3 pounds or less (\$1.41 per pack of 20); \$72.60 per 1,000 weighing more than 3 pounds
Coin-Operated Amusement Machine Tax	\$60 per coin-operated amusement machine per year
Combative Sports Admissions Tax	3 percent on the gross receipts from boxing admissions plus 3 percent of gross receipts from the sale of broadcast rights or \$30,000, whichever is less.
Controlled Substance Tax	\$200 for each gram of a controlled substance; \$3.50 for each gram of marijuana; \$2,000 for each 50 dosages of a controlled substance not sold by weight
Diesel Fuel Tax	20 cents per gallon of diesel fuel
Fireworks Tax	2 percent on the retail sale of fireworks
Franchise Tax	Corporations and limited liability companies, partnerships, trusts and other business forms pay a temporary reduced rate of 0.975 percent of a firm's Texas-apportioned "margin," defined as total revenue less the greater of cost of goods sold, total compensation, 30 percent of total revenue or \$1 million (a temporary reduced rate of 0.4875 percent applies to businesses in retail and wholesale trade)
Gas, Electric & Water Utility Tax	0.581 percent on utility revenues from services to cities with 1,000 to 2,499 people; 1.070 percent on services to cities with 2,500 to 10,000 people; 1.997 percent on services to cities with 10,000 people or more
Gas Utility Pipeline Tax	0.5 percent of the gross gas utility receipts less the cost of gas sold
Gasoline Tax	20 cents per gallon of gasoline
Hotel Occupancy Tax	6 percent of the room rate paid by occupant
Inheritance Tax	A tax equal to the federal credit for state inheritance tax imposed on the transfer of property at death; due to then current federal law, the state portion of this tax was not imposed on estates for deaths occurring in fiscal 2005 and beyond

*Continued on the following page*

**SOURCES OF REVENUE**

TABLE 1 (continued)  
**Tax Rates and Bases for Texas State Taxes**  
**Fiscal 2014**

<b>Tax</b>	<b>Rate and Base</b>
Insurance Maintenance Taxes	Varying rates on gross premiums for different types of coverage, set annually by the Texas Department of Insurance and the Texas Workers' Compensation Commission to cover regulatory costs
Insurance Premium Tax (Accident and Health Insurance)	1.75 percent of taxable gross premiums
Insurance Premium Tax (Life Insurance and Health Maintenance Organizations)	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
Insurance Premium Tax (Licensed Captive Insurers)	.5 percent of taxable premium receipts
Insurance Premium Tax (Property and Casualty Insurance)	1.6 percent of taxable premium receipts
Insurance Premium Tax (Title Insurance)	1.35 percent of taxable premiums
Insurance Premium Tax (Unauthorized, Independently Procured, and Surplus Lines)	4.85 percent of taxable gross premiums
Liquefied and Compressed Natural Gas Tax	15 cents per gallon of liquefied natural gas (LNG) and compressed natural gas (CNG)
Liquefied Gas Tax	15 cents per gallon of liquefied gases, except CNG and LNG
Liquor Tax	\$2.40 per gallon
Malt Liquor (Ale) Tax	19.8 cents per gallon
Manufactured Housing Sales and Use Tax	5 percent of 65 percent or .0325 of the sales price to be paid on the initial sale or use in this state of a new manufactured home
Mixed Beverage Gross Receipts Tax	6.7 percent of the gross receipts from alcoholic beverage sales (eff. 1/1/14) 14 percent of the gross receipts from alcoholic beverage sales (prior to 1/1/14)
Mixed Beverage Sales Tax	8.25 percent on the sale of alcoholic beverages (eff. 1/1/14)
Motor Vehicle Rental Tax	10 percent of the gross receipts for rentals of 30 days or less; 6.25 percent on rentals of 31 to 180 days
Motor Vehicle Sales and Use Tax	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 paid by donee per motor vehicle gifted; \$5 tax paid by each party in an even exchange; 1% or 2.5% Texas Emission Reduction Plan (TERP) surcharge on certain diesel truck purchases
Motor Vehicle Sales and Use Tax—Seller-Financed Motor Vehicles	6.25 percent of seller's receipts; 1% or 2.5% TERP surcharge on certain diesel truck purchases
Natural Gas Production Tax	7.5 percent of the market value of gas produced in the state; condensate 4.6 percent
Oil Production Tax	4.6 percent of the market value of oil produced in the state
Oil Regulation Tax	3/16 of 1 cent on each barrel produced
Oil Well Service Tax	2.42 percent of the gross receipts for specific services to oil and gas wells

*Concluded on the following page*

TABLE 1 (continued)  
**Tax Rates and Bases for Texas State Taxes**  
**Fiscal 2014**

<b>Tax</b>	<b>Rate and Base</b>
Public Utility Gross Receipts Assessment	1/6 of 1 percent of gross receipts
Sales and Use Tax	6.25 percent of the purchase price of tangible personal property and selected services
Sulphur Production Tax	\$1.03 per long ton or fractional part of sulphur products produced
Wine Tax	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

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

<b>Tax</b>	<b>Year Repealed</b>
Express Company Tax	1976
State Ad Valorem Tax	1982
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	1983
Car Company Tax	1985
Telegraph Tax	1985
Telephone Company Tax	1988
Bingo Gross Receipts Tax	1993
Bedding Stamp Tax	1997
Interstate Motor Carrier Sales and Use Tax	1997

TABLE 2  
**Legislative Sessions and Associated  
 Major Tax, Fee, and Revenue-Related Bills, 1971-2013**

Year	Session/ Bill Number	Effect	Session Dates
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
1973	63rd Legislature, Regular Session . . . . .		January 9—May 28, 1973
	63rd Legislature, 1st Called Session . . . . .		December 18—December 20, 1973
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	
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	
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	
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 1703	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
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	

TABLE 2 (continued)  
**Legislative Sessions and Associated  
 Major Tax, Fee, and Revenue-Related Bills, 1971-2013**

Year	Session/ Bill Number	Effect	Session Dates
	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 non-resident and foreign students; other measures	
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)	
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	
	HB 62	Motor Fuel tax increase (temporary) made permanent	
	HB 170	Insurance Maintenance tax (third party administrators) enacted	

TABLE 2 (continued)  
**Legislative Sessions and Associated  
 Major Tax, Fee, and Revenue-Related Bills, 1971-2013**

Year	Session/ Bill Number	Effect	Session Dates
1989	71st Legislature, Regular Session		January 10—May 29, 1989
	HB 24	Controlled Substance 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 cut 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 cut 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	
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 cut 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	
	72nd Legislature, 2nd Called Session		August 19—August 25, 1991
	HB 62	Insurance Maintenance tax surcharge (Workers' Compensation Insurance Fund) enacted	



TABLE 2 (continued)  
**Legislative Sessions and Associated  
 Major Tax, Fee, and Revenue-Related Bills, 1971-2013**

Year	Session/ Bill Number	Effect	Session Dates
1992	72nd Legislature, 3rd Called Session . . . . .		January 2—January 8, 1992
	72nd Legislature, 4th Called Session . . . . .		November 10—December 3, 1992
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 of Public Accounts	
	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 tightened	
	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 cut for certain EOR projects	
SB 926	Motor Vehicle Inspection fee increased		
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 given increased enforcement capabilities		
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	

TABLE 2 (continued)  
**Legislative Sessions and Associated  
 Major Tax, Fee, and Revenue-Related Bills, 1971-2013**

Year	Session/ Bill Number	Effect	Session Dates
	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 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	
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	
	SB977	Sales and Use and Motor Vehicle Sales and Use tax exemptions for certain items used in timber production	
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	
	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 waste-water equipment	

TABLE 2 (continued)  
**Legislative Sessions and Associated  
 Major Tax, Fee, and Revenue-Related Bills, 1971-2013**

Year	Session/ Bill Number	Effect	Session Dates
	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	
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
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	
	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."	

TABLE 2 (continued)  
**Legislative Sessions and Associated  
 Major Tax, Fee, and Revenue-Related Bills, 1971-2013**

Year	Session/ Bill Number	Effect	Session Dates
	SB 1863	Petroleum Products Delivery fee reduction for 2006-07 rescinded; Coastal Protection fee reduced; Telecommunications Infrastructure Fund assessment extended	
	79th Legislature, 1st Called Session . . . . .		June 21—July 20, 2005
	79th Legislature, 2nd Called Session . . . . .		July 21—August 19, 2005
2006	79th Legislature, 3rd Called Session . . . . .		April 17—May 16, 2006
	HB1	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	
2007	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	
	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)	

TABLE 2 (continued)  
**Legislative Sessions and Associated  
 Major Tax, Fee, and Revenue-Related Bills, 1971-2013**

Year	Session/ Bill Number	Effect	Session Dates
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 \$1million 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
2011	82nd Legislature, Regular Session		January 11—May 30, 2011
	HB 1	Directed the Comptroller 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 766	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.	
2013	83rd Legislature, Regular Session		January 8—May 27, 2013
	HB 7	Directed the Comptroller to collect a Volunteer Fire Department Assistance Fund assessment equal to the lesser of the amount appropriated from this fund in General Revenue or \$30 million.	

TABLE 2 (continued)

**Legislative Sessions and Associated  
Major Tax, Fee, and Revenue-Related Bills, 1971-2013**

Year	Session/ Bill Number	Effect	Session Dates
	HB 500	Expanded the definition of retail trade; temporarily reduced franchise tax rates by 2.5% for 2014 filing period; provided an additional margin calculation of total revenue minus \$1 million; added tax exemptions for nonadmitted insurance companies and political subdivision corporations; added exclusions from total revenue for pharmacy networks, aggregate transporters, barite transporters, waterway transportation, landman services, cost of vaccine, and registered motor carriers; allowed pipeline entities and movie theaters cost of goods sold deductions; allowed a combined group to exclude from combined reporting an affiliate engaged in providing retail or wholesale electric utilities under certain circumstances; apportioned internet hosting receipts to Texas based on customer location; added a deduction from apportioned margin for relocation costs; adds a tax credit for rehabilitation of certified historic structures; and permanently set the revenue threshold at \$1 million.	
	HB 800	Provided a franchise tax credit for certain research and development activities if an entity did not receive a sales tax exemption under Tax Code Section 151.3182 during the same period.	
	HB 2148	Imposed a \$0.15 per gallon tax on the delivery of compressed natural gas (CNG) and liquefied natural gas (LNG) when delivered into the fuel supply tank of a motor vehicle.	
	HB 2446	The maximum clean energy project credit is limited to the amount of franchise tax due, a credit carryforward of no more than 20 years, assignment of credit to one or more taxable entity, and a pushback before credit can be issued to the later of Sept. 1, 2018 or expiration of an agreement under Tax Code Chapter 313 regarding the clean energy project. Added natural gas-fueled electric generating facilities to the definition of clean energy project.	
	HB 2451	Provided an exclusion of the cost of labor, equipment, fuel and materials (used in providing those services) from total revenue for agricultural aircraft operations.	
	HB 2766	Allowed an exclusion of certain flow-through funds mandated by subcontract, as well as contract, to be distributed to other entities from total revenue. Eligible subcontracting payments must be made under either a contract or subcontract entered into by the taxable entity to provide services, labor or material for real property construction that includes remediation.	
	HB 3086	Provided an option to collect and remit the \$0.20 per gallon diesel fuel tax for licensed suppliers, permissive suppliers; distributors, blenders or importers who first sell, blends or imports biodiesel, renewable diesel or a mixture of water, fuel ethanol, blended with petroleum diesel in Texas.	
	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 516	Added a Brewer's Self-Distribution Permit allowing sales of ale and malt liquor, to retailers.	
	SB 517	Added a Manufacturer's Self-Distribution License allowing sales of beer to retailers.	
	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 Foundataion School Fund at the end of fiscal year 2013.	

TABLE 2 (concluded)

**Legislative Sessions and Associated  
Major Tax, Fee, and Revenue-Related Bills, 1971-2013**

Year	Session/ Bill Number	Effect	Session Dates
	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

## SOURCES OF REVENUE

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# SOURCES OF REVENUE

## TEXAS TAXES AND FEES

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

This publication covers both Texas taxes and fees, but it may be worth taking a minute to discuss what, if anything, is the difference between a tax and a fee. In short, 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 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. Joseph Henchman of the Tax Foundation, a non-partisan 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.”

This type of distinction between taxes and fees is likely part of the reason for the legislative attention dedicated account balances in the general revenue fund have been receiving in recent years. In 2013, the Legislative Budget Board issued its biennial Government Effectiveness and Efficiency Report (GEER) that included a discussion of options on how the state could reduce its reliance on dedicated account balances to certify the general revenue budget. The concern has been that dedicated accounts in general revenue, which are funded largely with fees,

are being used to certify general purpose spending. In response to this, the 83rd Legislature in 2013 took action to reduce these balances so general spending would be less reliant on what is generally understood to be fees.

In Texas, the distinction between a tax and fee has been the subject of litigation in part because the state constitution requires that 25 percent of the revenue from occupation taxes be deposited to the Foundation School Fund. In *Texas Boll Weevil Eradication Foundation v. Lewellen* 952 S.W.2d 454, 461 (Tex. 1997) (internal citations omitted), the court addressed the distinction between occupation taxes and fees and reached a similar distinction stated above.

*“We have articulated a ‘primary purpose’ test for determining whether an assessment is an occupation tax or a regulatory fee:*

*The principle of distinction generally recognized is that when, from a consideration of the statute as a whole, the primary purpose of the fees provided therein is the raising of revenue, then such fees are in fact occupation taxes, and this regardless of the name by which they are designated. On the other hand, if its primary purpose appears to be that of regulation, then the fees levied are license fees and not taxes.*

*Because money is fungible, this determination is not controlled by whether the assessments go into a special fund or into the State’s general revenue. Of course, almost all fees or assessments are intended to raise revenue. The critical issue is whether the assessment is intended to raise revenue in excess of that reasonably needed for regulation.”*

This issue has been of particular interest in Colorado where the Taxpayer's Bill of Rights (TABOR) specifies that tax increases (but not fees) must be approved by the voters. Writing in 2008, the Colorado Supreme Court, while acknowledging fees are not designed to raise revenue for general purpose spending, held in *Barber v. Ritter, No. 07SC373* that excess fee revenue transferred from special funds to the general fund for general spending purposes did not violate the TABOR. Opponents of the decision saw this as a way for the state to potentially avoid the mandatory vote provision.

There is also case law from California that focuses on the difference between a fee and a tax in much the same vein as noted above. These cases hold: "In general, taxes are imposed for revenue purposes, rather than in return for a specific benefit conferred or privilege granted. Most taxes are compulsory rather than imposed in response to a voluntary decision to develop or to seek other government benefits or privileges." *Sinclair Paint Co. v. State Bd. of Equalization*, 937 P.2d 1350, 1351-1354 (Cal. 1997) (internal citations omitted).

Finally, the IRS has taken a similar approach for federal income tax purposes:

*"A tax is an enforced contribution, exacted pursuant to legislative authority in the exercise of the taxing power, and 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. Ordinarily, when amounts are paid into a specific fund or earmarked for a specific purpose, they are treated as imposed as a regulatory measure or as a charge for a privilege or service rendered." 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, i.e., the *Fireworks* tax and the *Combative Sports Admission* tax, are

excluded, as are the *Insurance Administrative Services* tax and the *Controlled Substances* tax, which the courts have held to be in conflict with federal law (the former) or to constitute "double jeopardy" (the latter).

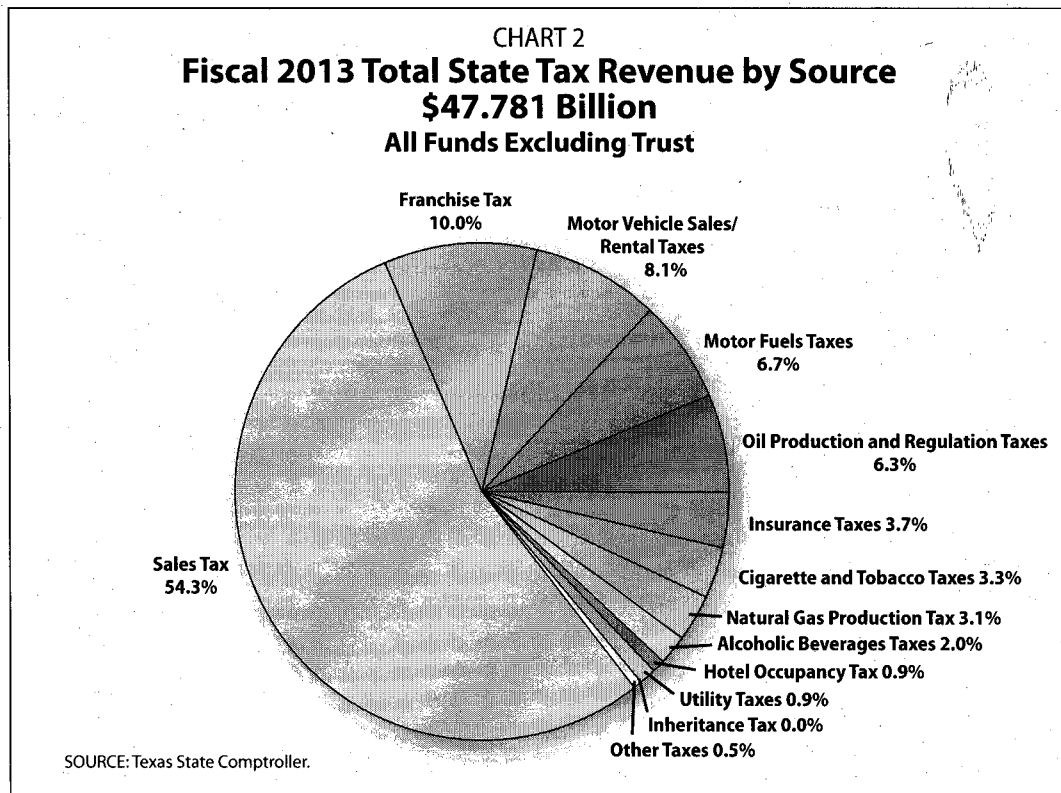
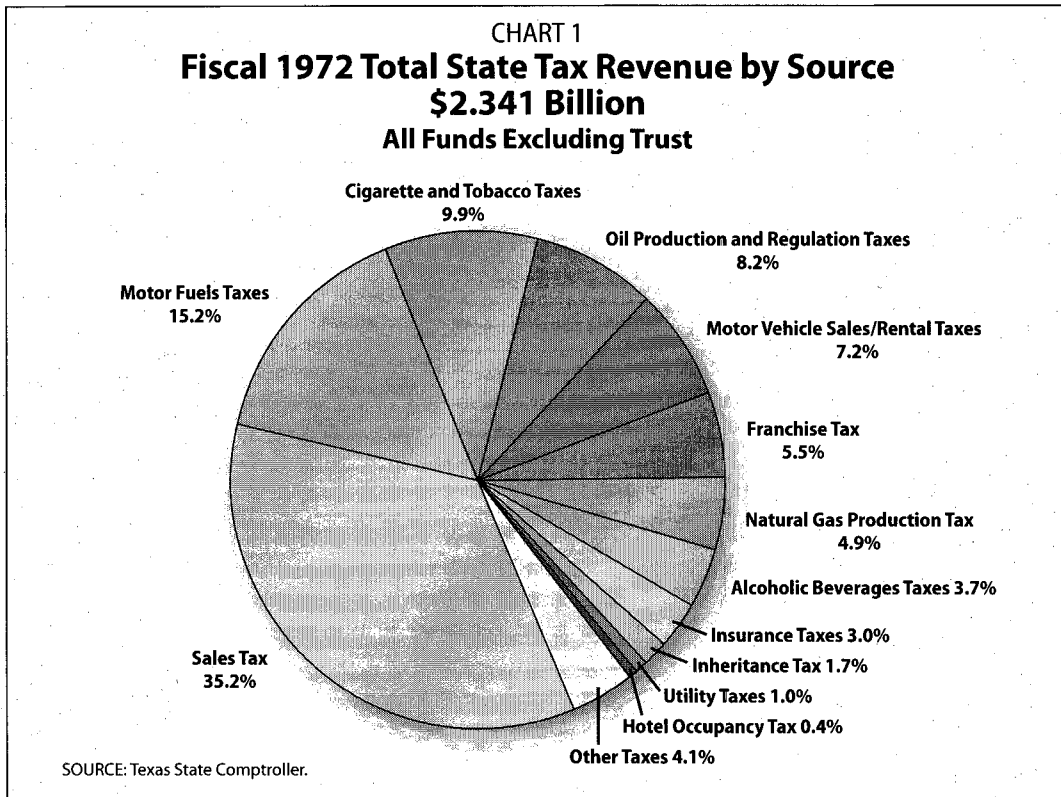
As discussed in the previous section, the *universe of goods or services* subject to a tax is referred to as the "tax base." Charts 1 and 2 on the following page demonstrate the shifting mix of tax revenue over the 42 fiscal years covered in this report. In particular, the state relies much more heavily on the sales and franchise taxes today than in 1972. These two taxes produced just over 40 percent of all tax revenue in 1972, but by 2013 their share jumped to over 64 percent, or nearly two-thirds of all tax collections.

Table 3 on page 20 shows the variability in tax growth rates for various periods since 1972, largely as a result of national recessions, economic bubbles and fluctuating oil and gas prices. The table shows over the long-term, total tax collections are on average only 0.5 percent less than growth in personal income, and 1.2 percent greater than inflation multiplied by population growth.

### Sales and Use Taxes

Since fiscal 1967, the *Sales and Use* tax has reigned as the state's single largest source of tax revenue. In 1972, it accounted for 35.2 percent of total tax collections; by 2013, its share had risen to 54.3 percent. (See Charts 1 and 2) 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 expanded the *Sales and Use* tax base three times, in 1984, 1987 and 1990, to cover a wider range of taxable goods and services. (See Appendix C) As of January 2013, 45 states levied a *Sales and Use* tax, with 10 imposing a higher statewide rate than Texas. (See Appendix D-2)

*Sales and Use* tax collections totaled \$824 million in 1972; in 2013 collections reached \$25.9 billion, an 8.8 percent average annual growth rate for the 41-year period. (See Table 3 and Appendix G) Over this period, however, the growth rate varied considerably. From 1972 to 1983,



**TABLE 3**  
**State Tax Collections**  
**Average Annual Growth Rates for Selected Periods, Fiscal 1972-2013**

	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 2013	Fiscal 1972 through Fiscal 2013
Personal Income	13.5%	6.1%	7.5%	2.3%	7.7%	(0.3)%	6.5%	8.1%
Inflation x Population	11.1%	5.3%	4.8%	3.6%	5.2%	2.8%	3.8%	6.4%
Sales Taxes	13.5%	11.1%	6.2%	(1.3)%	8.6%	(4.7)%	9.7%	8.8%
Oil Production Tax	18.0%	(8.9)%	(1.6)%	(2.2)%	27.7%	(16.2)%	43.7%	6.9%
Natural Gas Tax	22.4%	(8.1)%	13.8%	(18.1)%	20.2%	(48.0)%	27.3%	7.2%
Motor Fuels Taxes	3.0%	16.6%	3.9%	1.3%	1.8%	(1.0)%	1.9%	5.5%
Motor Vehicle Taxes	12.1%	8.5%	10.1%	(3.7)%	4.4%	(11.3)%	13.8%	8.0%
Franchise Tax	14.2%	7.8%	6.7%	(6.4)%	21.0%	(6.9)%	7.6%	9.2%
Cigarette and Tobacco Taxes	4.0%	5.7%	0.0%	(0.2)%	19.9%	(2.0)%	4.8%	4.8%
Alcoholic Beverage Taxes	10.8%	4.0%	3.8%	2.4%	6.7%	1.6%	6.5%	6.1%
Insurance Taxes	11.1%	9.8%	5.3%	19.4%	4.4%	(4.4)%	10.0%	8.2%
Utility Taxes	22.5%	(0.3)%	5.1%	(1.6)%	8.9%	(2.5)%	(3.2)%	7.3%
Inheritance Tax	7.6%	5.3%	9.6%	(23.9)%	(50.5)%	282.1%	(49.8)%	(3.2)%
Hotel Occupancy Tax	15.2%	13.6%	7.7%	(3.9)%	10.2%	(5.6)%	10.1%	10.1%
Other Taxes	1.0%	(7.9)%	(2.3)%	2.5%	32.1%	(9.9)%	20.1%	2.3%
All Taxes	12.4%	7.2%	6.2%	(2.0)%	9.6%	(7.4)%	10.5%	7.6%

when the tax rate remained constant at 4 percent, the average annual growth rate exceeded 13 percent. From 1983 to 1992, average annual growth dropped slightly to 11.1 percent, despite the noted base broadening and rate increases. From 1992 through 2001, average annual growth slowed to 6.2 percent.

In the wake of the September 11, 2001 terrorist attacks, collections fell 1 percent—to \$14.5 billion—in fiscal 2002. The 2002 decline was the first annual decrease in *Sales and Use* tax collections since 1983, when collections fell by 4.5 percent. In the next year, the ensuing economic slowdown caused collections to drop another 1.7 percent, to \$14.2 billion.

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

In 2009, the effects of the national recession hit the Texas economy, and tax collections declined by 2.7 percent. The rate of decline accelerated to 6.6 percent in 2010, the steepest annual decline in *Sales and Use* tax collections history. During this two-year period, collections fell by an average of 4.7 percent each year.

In 2011, *Sales and Use* tax revenues rebounded as the economy recovered, growing by 9.7 percent. *Sales and Use* tax growth continued to be strong as the drilling for oil in the shale formation surged and the economy continued to improve with increases of 12.5 percent in 2012 and 7.3 percent in 2013. The average growth rate over this three year period was 9.7 percent.

### Franchise Tax

The 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. Prior to 2008, only corporations and limited liability companies were subject to the *Franchise* tax.

Over the years, revenue from this tax 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 1973 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 \$902.5 million, and accounted for 7.6 percent of state tax revenues. (See Appendix B) However, from 1987 to 1991, net revenues fell at an average annual rate of 7.1 percent.

In an effort to stabilize the base and spread the tax burden more equitably, the Legislature rewrote the *Franchise* tax in 1991 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 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, a 16.5 percent average annual growth rate from 2003. These gains were propelled in large part by particularly high returns in the energy industry. Between 1972 and 2007, *Franchise* tax revenues grew at an average annual rate of 9.1 percent.

In response to the need for more state revenue to fund school property tax relief and increasing concern over the long-term viability of the tax, the Legislature made substantial *Franchise* tax changes in 2006 during the 79th Legislature, 3rd Called Session.

The changes made limited partnerships, certain general partnerships, business trusts and other legal entities subject to the tax. Sole proprietorships, general partnerships directly owned only by natural persons and passive entities are not subject to the tax.

The former tax base of earned surplus and capital was replaced with the firm's "margin," defined as total revenue less the greater of cost of goods sold, total compensation or 30 percent of total revenue. For most taxable entities, the tax rate on margin was 1 percent. Firms primarily engaged in retail and wholesale trade, however, paid 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 had an effect on revenue. The rebased *Franchise* tax produced almost \$4.5 billion in 2008, 42 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. Since the implementation of the rebased tax (fiscal 2008–2013) 36 percent of the revenue has gone to the Property Tax Relief Fund. The remaining 64 percent was available for general purposes.

In 2013, total *Franchise* tax collections were \$4.8 billion, an average annual growth rate of 9.2 percent from 1972.

### Severance Taxes

In this section, all references to the prices for oil and natural gas are "taxable" prices. The Texas taxable price is based on a product's market price, as determined by the New York Mercantile Exchange (NYMEX) or other marketing mechanisms, adjusted for the amounts producers pay for trucking, pipe transport and marketing costs. For oil, the taxable price has traditionally been lower than the market price for West Texas Intermediate crude, and this trend continues. The taxable price for natural gas, historically slightly below the Henry Hub market price for "dry" natural gas, is higher—in the current pricing environment—than the "dry" gas market price, due to the substantial volumes of natural gas liquids (NGLs) now in the production stream in Texas.

Texas imposes two taxes on the production of oil: the *Oil Regulation* tax, levied at three-sixteenths of one cent per barrel, and the much larger *Oil Production* tax, levied at 4.6 percent of the taxable value of oil produced. The *Oil Production* tax has been levied at its current rate since 1951; no other major state tax rate has remained unchanged for so long. Despite the long-term rate stability,

## SOURCES OF REVENUE

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tax receipts have exhibited large swings in response to the rise and fall of world oil prices.

In fiscal 1972 (when the average taxable price was \$3.48 per barrel), Texas collected \$193 million in *Oil Production* and *Oil Regulation* taxes. Oil prices began a long steady rise in 1974 that peaked at \$37.24 in February 1981, a record that lasted for more than two decades. The average price in 1981 was also above the \$30 level for the first time, at \$30.89, and the annual average reached \$32.73 in 1982, a record until 2005 when the average reached \$46.92. Tax revenues also peaked at the time at \$1.3 billion in 1982, despite production that was 26 percent below the 1972 level. By July 1986, prices fell to \$11.36 and eventually reached \$9.21 in December 1998. In 1999, the average price was \$12.91, and tax collections totaled only \$211 million, the lowest level since 1973.

By 2000 and 2001, annual tax revenue collections were double that of 1999, reaching \$416.6 and \$442.6 million as oil prices averaged \$25.16 and \$27.73, respectively. However, the economy faltered in the wake of the September 11, 2001 terrorist attacks and prices dropped to \$17 by November 2001. Although prices recovered to \$25 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 \$339 million.

Tax revenues climbed to \$423.6 million in 2003 as oil prices temporarily reached \$34.36 per barrel in February 2003 in anticipation of potential supply disruptions caused by the Iraq War; the average price in 2003 was \$28.59. 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 \$37.73 by May 2004, surpassing the previous record set in February 1981, and raising the year's average to \$32.49.

Over the next 49 months, oil prices continued to set new records in response to diminishing worldwide spare production capacity, growing demand led by emerging markets, on-going 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 \$131.34. For 2008, with the price averaging \$98.90, *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, oil prices and tax revenues declined. The average price fell to \$32.64 in February 2009 as the credit crisis deepened, demand slowed, and excess supply grew. Prices eventually recovered and averaged \$60 for the year. Likewise, *Oil Production and Regulation* tax collections fell to \$884.5 million for 2009, a 38 percent drop. Prices strengthened further and averaged \$72.75 in 2010 as China, the new number one energy consumer, along with emerging markets led the global economic recovery. In turn, *Oil Production and Regulation* tax collections increased to \$1 billion for the year. For 2011, prices continued to rise to almost \$106 in April and averaged \$87.88 for the year as the Libyan supply disruption and Iran's threat to close the Strait of Hormuz continued to tighten global spare capacity. *Oil Production and Regulation* tax collections once again set a new record with almost \$3 billion in revenue for 2013 riding on rising oil production, notably from the Eagle Ford shale.

The *Natural Gas Production* tax rate is 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 the time at \$1.1 billion in 1985 before entering a long period of stable production and low natural gas prices that kept tax revenues at levels below that peak 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, 129 percent more than the previous year, with an average price of \$4.82 per thousand cubic feet, a jump of 86 percent. In 2002, recessionary pressures pushed the average price down 49 percent to \$2.48, and tax revenue fell 61 percent to \$628 million.

With the improved economy in 2003, both prices (averaging \$4.20) and revenues (\$1.1 billion) rebounded. As economic growth continued, increasing natural gas

demand pushed prices higher in 2004, to an average \$4.79. Those conditions led to the rapid growth in production and increased 2004 revenues by 30 percent to \$1.4 billion. Revenues continued increasing in 2005, reaching \$1.7 billion as prices averaged \$5.80.

In August of 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 over \$6 in July 2005 to over \$10 in October of that year. These increases resulted in a 2006 average price of \$7.55 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 \$6.18, 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 over \$11 in July 2008, and the 2008 annual average increased to \$7.50. Tax collections set a record high of \$2.7 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 \$3 by March of 2009. The annual average price in 2009 fell to \$5.13. Tax collections dropped by 48 percent, to \$1.4 billion, due to lower price levels and record *Natural Gas* tax refunds of over \$500 million associated with high-cost gas wells. For 2010, prices dropped to \$3.96 as production exceeded U.S. demand taking storage inventories to record levels. In turn, tax collections dropped to \$725.5 million, after almost \$480 million in refunds.

For 2013, with a recovery in prices and production, tax collections were \$1.5 billion for the year.

## Motor Fuel Taxes

*Motor Fuel* taxes consist of the state's consumption taxes on gasoline, diesel fuel and liquefied gas. In fiscal 1972, gasoline and liquefied gas were taxed at 5 cents per gallon, and diesel fuel was taxed at 6.5 cents per gallon. Total *Motor Fuel* tax collections in 1992 were \$355.8 million, with taxes on gasoline accounting for 90 percent. Between 1972 and 1983, the tax rates for these fuels were unchanged, and total revenue collections increased by an average annual growth 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. In this period, collections increased by an average 16.6 percent per year to \$2 billion. (See Appendix B)

From 1992 to 1999, a period with no tax rate or base changes, revenue collections increased an average of 1.6 percent per year. In 2013, collections were \$3.2 billion, the highest annual amount ever collected, just over 1.6 percent more than in 2012. The share of *Motor Fuel* tax collections in 2013 from the *Gasoline* tax was 75 percent, with 2 percent from the *Diesel Fuel* tax. From 1972 to 2013, the average annual growth rate in total collections was 5.5 percent.

## Motor Vehicle Taxes

*Motor Vehicle* taxes consist of the *Motor Vehicle Sales and Use* tax, the *Motor Vehicle Sales and Use* tax for *Seller-Financed Motor Vehicles*, 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 by an average of 12.1 percent each year. (See Table 3 and Appendix G) From 1983 through 1992 however, collections grew at a slower average pace of 8.5 percent annually. (See Appendix B) From 1992 through 2001, average annual growth improved to 10.1 percent, but an economic slowdown caused collections to decline in the 2001-03 period by an average of 3.7 percent

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each year. Collections improved through 2007, were flat in 2008, then plummeted by 22.2 percent in 2009. Fiscal 2010 was the beginning of the return to normal with a 1.1 percent increase, followed by a strong 13.2 percent increase in 2011. Collections from *Motor Vehicle* taxes were \$3.9 billion in 2013, for an average annual growth rate of 8 percent from 1972.

In 1972, the *Motor Vehicle Sales and Use* tax rate was 4 percent. From 1983 to 1992, the legislature increased the *Motor Vehicle Sales and Use* tax rate three times, reaching the current 6.25 percent rate in 1991.

### Cigarette, Cigars and Tobacco Products Taxes

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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 was stable at 41 cents until January 2007, when it increased to the current \$1.41. (See Appendix B) Almost all of 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 September 2009, the Legislature changed the tax on those tobacco products from a tax based on value to a tax based on product weight, with an initial rate of \$1.10 per ounce. The rate increased by three cents per ounce annually through fiscal 2013 with the rate at \$1.22 per ounce.

In 1972, combined *Cigarette, Cigars and Tobacco Products* tax collections were \$231.6 million, with 96.3 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 4 percent per year. Between 1983 and 1992, collec-

tions 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 2007, revenues grew substantially through 2009. (See Table 3) In 2010, *Cigarette* tax revenues again declined as the latest tax increase no longer offset consumption declines for the product. *Cigar and Tobacco Products* tax collections showed strong gains since 2010 due largely to their own tax increases. In 2013, tax collections had risen to almost \$1.6 billion—a 4.8 percent average annual increase from 1972.

### Alcoholic Beverage Taxes

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Texas levies six taxes on alcoholic beverages sold to consumers by restaurants and bars that are permitted to serve liquor: the *Liquor* tax, *Beer* tax, *Wine* tax, *Malt Liquor* tax (also known as ale), *Mixed Beverage Gross Receipts* tax and *Mixed Beverage Sales* tax. These six taxes along with the *Airline/Passenger Train Beverage* tax, which is a tax on alcoholic beverages sold by those common carriers to their customers, make up the *Alcoholic Beverage* taxes.

In fiscal 1972, collections for Alcoholic Beverage taxes totaled \$87.6 million and increased to \$980.1 million in 2013 for an average annual growth rate of 6.1 percent. The *Mixed Beverage Gross Receipts* tax accounts for 17.5 percent and is the largest contributor to the *Alcoholic Beverage* taxes.

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 10.8 percent annually between 1972 and 1983. The annual growth rate declined drastically to 4 percent between 1983 and 1992, 3.8 percent between 1992 and 2001, then 2.4 percent between 2001 and 2003 before increasing to 6.7 percent between 2003 and 2008. However, the national and state economic recession constrained growth to 1.6 percent between 2008 and 2010. In 2010, *Alcoholic Beverage* tax revenues rebounded with the growth rate increasing to 6.5 percent annually through 2013. 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) to 6.7 percent and imposed a *Mixed Beverage Sales Tax* at a rate of 8.25 percent. (See Table 3 and Appendix G)

### Insurance Taxes

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.

The taxes are levied on an insurance company's written premiums and the premium tax base varies by type of insurance. The tax rates for licensed insurers are applied to gross premiums and are 1.75 percent for life, accident and health insurance; 1.6 percent for property and casualty insurance; 1.35 percent for title insurance; 0.5 percent for licensed captive insurers, with a \$7,500 minimum and a \$200,000 maximum; and 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 \$1.8 billion in 2013 from \$70.5 million in 1972, yielding an 8.2 percent average annual growth rate. In recent years, however, the growth rate has been volatile. From 1992 to 2001, a relatively "soft" market, typified by vigorous rate competition, yielded a 5.3 percent average annual growth rate.

But between 2001 and 2003, when annual growth jumped to 19.4 percent as the market "hardened", many insurers imposed stricter underwriting criteria and initiated a series of premium hikes. Between 2003 and 2013, annual revenue growth slowed to 4.2 percent, reflecting increased competition and an end to the previous years' rate adjustments. However, revenue was down sharply in 2009 (by 13.3 percent) as a result of a recession-related decrease in premiums written as well as an increase in tax credits allowed, largely for certified capital company (CAPCO) program investments and Texas Windstorm Insurance Association Agency (TWIA)-related assessments. Collections rose at a modest average annual rate of 3.6 percent in 2010 and 2011, as economic weakness and CAPCO and TWIA tax credits continued to depress premium tax revenue. Revenues for 2012 increased by 10.9 percent over 2011, in part because the full effect of the Nonadmitted and Reinsurance Reform Act (NRRRA), part of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, was realized. Like many of the nation's largest states, Texas has not joined a tax compact for the purpose of sharing surplus lines insurance premium taxes on multi-state policy placements. As a result, Texas retains 100 percent of the premium on policies where Texas is the "home state of the insured". Other insurance sectors also saw increases in premium as the economy continued to improve. (See Appendix G and Table 3)

### Inheritance Tax

The *Inheritance* tax is levied on estates that are required to file a federal estate tax return. In the late 1970s, the Legislature revised the laws governing the *Inheritance* tax to establish a \$200,000 estate exemption that gradually increased to \$300,000 by 1985. HB 325 (67th Legislature, Regular Session, 1981) revised the tax as a "piggy-back" on the federal estate tax, making the Texas tax equal to the federal credit allowed for state inheritance taxes as computed on the federal estate tax return.

In 2001, Congress passed H.R. 1836, the Economic Growth and Tax Relief Reconciliation Act (EGTRRA), which incrementally phased out the state tax until it was fully eliminated for deaths occurring in calendar 2005 and

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beyond. That law also incrementally lowered the federal tax rates through 2009, and fully repealed the federal tax in 2010. On December 17, 2010, H.R. 4853 was signed into law, extending the EGTRRA for two years. Subsequent federal legislation made the federal estate tax moratorium permanent.

In 1972, the state received \$39.3 million in *Inheritance* taxes. At its peak in fiscal 2002, collections totaled \$334.2 million, a 7.4 percent average annual growth rate for the 30-year period. Subsequently collections have declined, going negative in 2012 and 2013 because of refunds.

### Hotel Occupancy Tax

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The *Hotel Occupancy* tax is imposed on a person who pays for a hotel room or space that costs \$15 or more per day. 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. Collections reached \$441.1 million in 2013, a 10.1 percent average annual increase from 1972. (See Appendix G and Table 3) Non-legislative factors affecting the growth of revenue collections include population change, business travel and inflation.

### Utility Taxes

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Utility taxes are a group of three related revenue sources. The largest, with 83 percent of 2013 revenues, 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 upon a city's population. Next, with 13 percent of 2013 revenue, is the Public Utility Gross Receipts assessment, created by the Legislature in 1975 and levied at one-sixth of 1 percent of gross receipts. The third is the *Gas Utility Pipeline* tax, levied at 0.4 percent of gross income.

Utility tax revenues totaled \$24 million in 1972 and reached \$434.9 million in 2013, a 7.3 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 2.2 percent per year. (See Appendix G and Table 3)

### Other Taxes

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Other taxes levied in Texas include the *Oil Well Service* tax, *Attorney Occupation* tax, *Coin-Operated Machine* tax, *Cement Production* tax, *Sulphur Production* tax, *Bingo Rental* tax, *Combative Sports Gross Receipts* tax, and *Controlled Substance* tax. Revenue from this group totaled \$247.7 million in 2013, compared to the \$96.7 million collected in 1972, an average annual increase of 2.3 percent. The slow long-term increase occurred despite the repeal of several 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, *Bingo Gross Receipts* tax, *Bedding Stamp* tax and several small occupation taxes relating to such diverse enterprises as Pistol Dealers, Car Companies, Stockbrokers and Express Companies.

### Texas Fees

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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 in seven broad categories: Transportation, Business Regulation, Natural Resources, Parks and Wildlife, Education, Health and Other. In fiscal 2013, \$5.9 billion in fees were collected compared to \$300.8 million in 1972, an average annual growth rate of 7.5 percent.

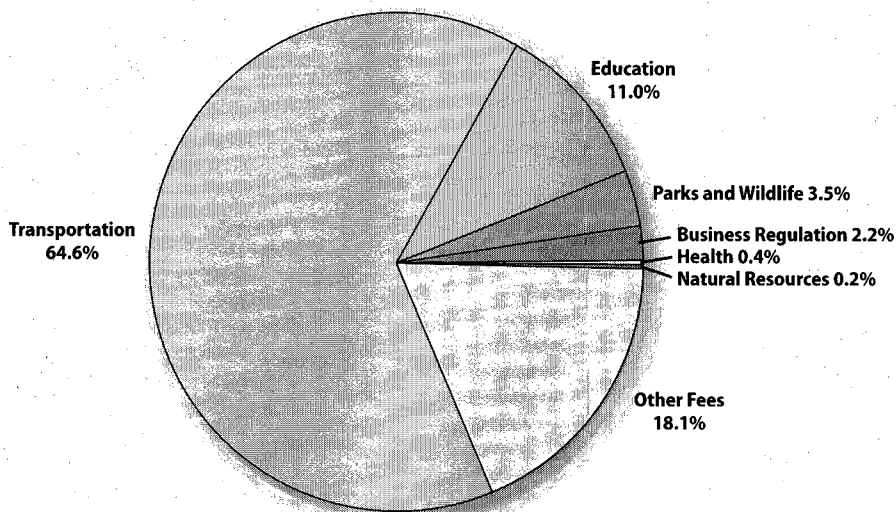
A \$50 million annual collection threshold was imposed to determine which fees would be highlighted in this discussion and in Table 4. Exceptions to this threshold occur when a category has one or no fees with \$50 million annual collections. In addition, fees deposited to trust funds are not included in the figures in Table 4.

### Transportation Fees

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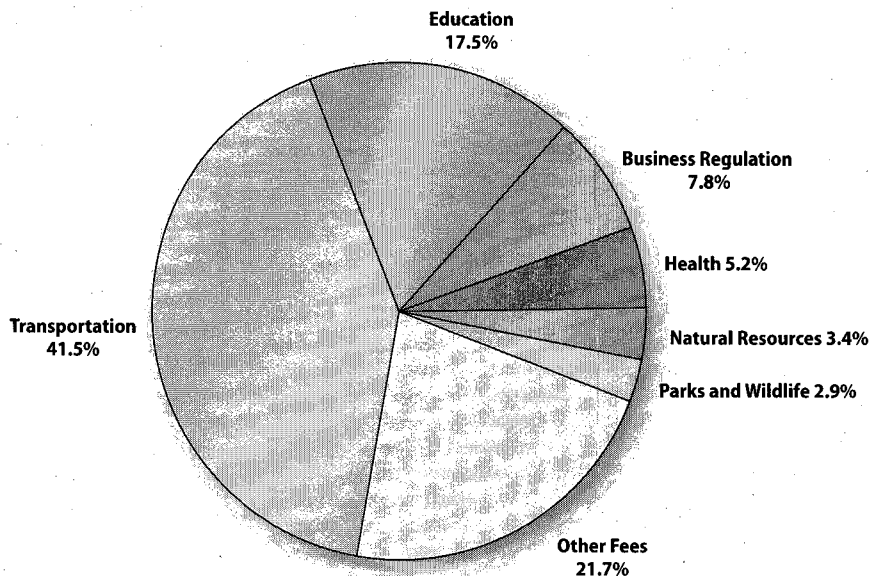
Transportation fees apply to activities related to owning and operating a motor vehicle in Texas—registrations, inspections, titles, driver licenses and other miscellaneous fees.

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



SOURCE: Texas State Comptroller.

CHART 4  
**Fiscal 2013 State Fee Revenue by Category**  
**\$5.876 Billion**  
**All Funds Excluding Trust**



SOURCE: Texas State Comptroller.

**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	Fiscal 1972	Fiscal 1982	Fiscal 1992	Fiscal 2002	Fiscal 2012	Last Completed Fiscal 2013	Average Annual Growth Rate
<b>01 Transportation</b>							
3014 Motor Vehicle Registration Fees	\$ 165,392,110	\$ 284,134,362	\$ 581,709,651	\$ 742,047,130	\$ 1,328,771,372	\$ 1,382,790,984	5.3%
3020 Motor Vehicle Inspection Fees	3,579,169	18,913,640	64,120,839	109,414,719	185,934,957	190,150,058	10.2%
3012 Motor Vehicle Certificates	1,476,369	7,181,149	28,930,129	45,613,533	166,592,326	183,200,265	12.5%
3018 Special Vehicle Permits	2,159,375	3,984,286	17,234,335	32,692,472	145,643,642	166,955,187	11.2%
3024 Driver's License Point Surcharges	-	-	-	-	173,368,549	137,762,798	15.8%
3025 Driver's License Fees	21,016,418	26,732,779	71,259,160	114,972,864	130,262,905	132,743,433	4.6%
3027 Driver Record Information Fees	-	3,606,481	51,645,601	49,920,055	58,382,811	61,320,945	9.9%
Other Transportation	577,756	6,305,564	83,579,701	120,496,215	100,693,511	183,486,060	15.1%
<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>2,438,409,731</b>	<b>6.4%</b>
<b>03 Business Regulation</b>							
3186 Securities Fees	-	-	-	-	-	113,507,530	N/A
3175 Professional Fees	1,683,763	21,498,120	114,704,395	109,185,086	178,191,812	89,410,859	10.2%
3171 Prof Fees - HB 11 & HB 3442 GR Increase *	236	257	-	66,766,672	84,907,898	86,875,294	36.7%
3133 General Business Filing Fees	4,265,926	15,001,382	26,746,119	49,924,356	70,316,746	75,003,849	7.2%
Other Business Regulation	720,302	3,268,351	39,843,438	122,204,843	92,537,413	91,557,192	12.5%
<b>Total Business Regulation</b>	<b>6,670,227</b>	<b>39,768,111</b>	<b>181,293,952</b>	<b>348,080,957</b>	<b>425,953,870</b>	<b>456,354,724</b>	<b>10.9%</b>
<b>08 Natural Resources</b>							
3375 Air Pollution Control Fees	-	-	18,809,836	47,346,308	60,051,259	64,503,617	21.4%
3310 Oil And Gas Reg And Cleanup Fee Surcharge	-	-	-	-	9,214,957	29,191,167	78.0%
3371 Waste Treatment Inspection Fee	-	-	5,371,923	13,815,422	25,864,338	26,498,807	9.2%
Other Natural Resources	505,983	2,166,150	38,408,321	47,204,061	93,441,007	81,951,384	13.2%
<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>202,144,976</b>	<b>15.7%</b>
<b>10 Parks and Wildlife</b>							
3434 Game/Fish/Equipment Fees-Non Commercial	5,845,766	15,350,547	40,259,831	59,254,358	93,993,928	93,522,987	7.0%
3461 State Parks Fees	1,787,447	6,673,927	13,187,370	27,791,054	41,654,938	46,305,929	8.3%
Other Parks and Wildlife	2,909,386	6,274,319	15,584,370	23,902,394	31,230,404	30,878,953	5.9%
<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>170,707,869</b>	<b>7.0%</b>
<b>11 Education</b>							
3505 Higher Education Tuition/Fees-Non-Pledge	29,983,547	55,657,701	260,614,713	561,303,978	928,720,244	925,984,938	8.7%
3691 Tx B-On-Time Student Loan Tuition Set-Aside	-	-	-	-	53,740,294	58,776,580	39.7%
3511 Teacher Certification Fees	-	377,602	2,217,506	14,222,527	24,090,969	26,514,553	18.5%
Other Education	3,186,319	5,987,009	13,964,158	21,688,672	19,925,127	15,743,877	4.0%
<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>1,027,019,948</b>	<b>8.7%</b>
<b>12 Health</b>							
3557 Health Care Facilities Fees	48,697	1,825,035	2,644,151	25,227,039	71,149,674	85,650,231	20.0%
3592 Waste Disposl Fac, Genrtr, Transporters	-	-	39,931,586	56,962,638	54,713,142	55,399,271	10.2%
3560 Medical Exam & Registration	397,959	2,915,491	18,319,853	18,718,864	39,272,779	40,205,535	11.9%
3562 Health Related Profession Fees	383,712	1,297,022	7,531,665	13,813,657	28,039,594	28,742,392	11.1%
Other Health	486,305	1,384,169	46,742,703	59,548,791	103,724,319	97,364,764	13.8%
<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>307,362,192</b>	<b>14.2%</b>
<b>Other</b>							
3704 Court Costs	-	-	14,843,930	61,417,494	281,288,839	283,046,727	25.5%
3244 Non Bypassable Utility Fee	-	-	-	-	149,085,016	146,694,774	26.9%
3106 City Sales Tax Service Fees	-	17,426,053	26,155,707	54,501,704	88,245,943	94,890,599	7.6%
3710 Court Fines	-	-	700	288,511	88,816,204	90,143,361	44.4%
3879 Credit Card & Elect Svcs Related Fees	-	-	-	6,694,843	68,988,426	73,291,133	24.3%
3727 Fees - Administrative Services	30,963	17,566	583,549	8,694,507	56,861,392	64,694,896	20.5%
Other	54,345,288	236,518,411	713,319,231	648,437,406	562,441,104	521,516,153	5.7%
<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>1,274,277,643</b>	<b>8.0%</b>
<b>Grand Total</b>	<b>\$ 300,783,296</b>	<b>\$ 744,497,373</b>	<b>\$ 2,358,264,471</b>	<b>\$ 3,334,072,172</b>	<b>\$ 5,690,157,841</b>	<b>\$ 5,876,277,083</b>	<b>7.5%</b>

\* Prior to 1996 Object Code 3171 was used for Gross Receipts Permit Fee  
 Source: Texas Comptroller

Since the 1920's, 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 2013, revenues from these fees had risen to \$2.4 billion, and while still the largest source of fee revenue, its share had fallen to 41.5 percent. Transportation fees grew by an average annual rate of 6.4 percent over those 41 years, the slowest growth rate of any state fee category.

Motor vehicle registration fees are constitutionally dedicated for acquiring rights-of-way and for constructing, maintaining and policing public roadways. Motor vehicle registration fees (object code 3014) include registrations for all cars, trucks, motorcycles and other vehicles as well as fees for specialty license plates. In 1984, the Legislature 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 over 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 in 2019. Registration fee collections totaled \$165.4 million in 1972 and reached \$1.4 billion by 2013, an average annual growth rate of 5.3 percent.

The motor vehicle driver license requirement was enacted in 1935. In 1972, license fee collections were \$21 million and grew to \$132.7 million in 2013, for an average annual growth rate of 4.6 percent. Since 1972, the Legislature increased the license fee schedule several times. The last rate increase in 1997 allowed the Texas Department of Public Safety to phase in rates for a six-year original license at \$24 for an operator's license, \$32 when an operator's license includes a motorcycle license, and \$60 for a commercial license. 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 September 1, 2005, when it was rededicated to the Texas Mobility Fund.

In 2005, the Legislature enacted the Driver Responsibility Program to allow courts to assess additional driver license surcharges on individuals convicted of violating certain highway traffic laws against speeding, driving while intoxicated and driving without a license or insurance. Driver's license point surcharges (object code 3024) range from \$100 to \$2,000, are levied for three consecutive years, and are dedicated to trauma and emergency medical services and to General Revenue. In its first year, the program collected \$36.8 million, growing to \$137.8 million in 2013 for an average annual growth rate of 15.8 percent. The decrease in collections of \$35.6 million from fiscal 2012 to 2013 is due to various incentive and indigency programs that have lowered fine amounts levied but increased the number of compliant defendants.

The motor vehicle inspection fee was implemented in 1953, and since 1972 the Legislature has increased the fee schedule multiple times. The current rates are \$12.50 for an annual safety inspection sticker, \$21.75 for a two-year safety sticker affixed to new vehicles, and \$50 for a commercial sticker. Although emissions testing for certain counties existed prior, in 1996 the Legislature 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 of the type of test required. A \$10 inspection fee surcharge to commercial motor vehicle inspections was added by the Legislature in 2001 to fund the Texas Emissions Reduction Plan. Like the similar surcharge on registrations, this surcharge is set to expire in 2019. Inspection fee collections increased from almost \$3.6 million in 1972 to \$190.2 million in 2013, an average annual growth rate of 10.2 percent.

Fees on motor vehicle certificates of title were implemented in 1939 and the Legislature has increased the fee rate schedule several times since 1972. The latest increase in 2003 set the fee to \$33 for an original title issued to a

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resident of a federally designated non-attainment county and \$28 for residents in all other counties. State receipts from this fee were almost \$1.5 million in 1972 and increased to \$183.2 million in 2013. Collections of these fees have increased an average of 12.5 percent per year. Deposit funds for these fees include the State Highway Fund, General Revenue, the Texas Mobility Fund, the Texas Emissions Reduction Plan Account and sometimes a portion to the issuing county, depending on the type of title certificate.

### **Business Regulation Fees**

Fees in this category are associated with securities business-related professions, general business filings, emergency services, bingo prizes, gaming and numerous other activities. In fiscal 1972, business regulation fees brought in \$6.7 million and accounted for 2.2 percent of total state fee receipts. In 2013, these fees accounted for 7.8 percent of total state fee receipts and generated \$456.4 million, an average annual growth rate of 10.9 percent.

In 1972, business-related professional fees were \$1.7 million. In 2013, collections increased to \$89.4 million, an average annual growth rate of 10.2 percent. The decrease of \$88.8 million from fiscal 2012 to 2013 can be attributed to the reclassification of securities fees from inclusion in the professional fee category (object code 3175) to its own category, securities fees (object code 3186). (See next paragraph for a discussion of this reclassification). In 1991, HB 11, 72nd Legislature created a \$200 fee increase on selected professions (object code 3171). This additional fee, totaling \$86.9 million in fiscal 2013, has grown at an annual average rate of 36.7 percent. One-fourth of the \$200 fee is constitutionally dedicated to the Foundation School Program for public education, and the remainder is deposited as undedicated General Revenue. Other fee receipts are deposited either as undedicated General Revenue or in dedicated accounts for use by state regulatory agencies to cover the costs of permitting and regulating business professions. (See Appendices E-1 and E-2)

Securities fees are collected for the registration, application to sell, filing a notice of limited exemption, and other activities related to securities. Previously, many of

these fees were collected as professional fees (object code 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 \$113.5 million in fiscal 2013.

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 certificate of formation, certificate of termination, application for registration, change of registered agent, registration and reservation of corporate name, original financing statement, and certificate or registration 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. In 2013, although fee collections had risen to \$75 million, an average annual growth rate of 7.2 percent, they were only 16.4 percent of all business regulation fee revenue.

### **Natural Resource Fees**

Natural resource fees are assessed for the use or protection of state natural resources. These fees include air pollution control fees, oil and gas regulation and cleanup fees, waste treatment inspection fees, and more than 30 other fees, fines and penalties related to Texas natural resources. In fiscal 1972, collections from natural resource fees totaled less than \$1 million. In 2013, these fees generated \$202.1 million and accounted for 3.4 percent of total state fee collections, an average annual growth rate of 15.7 percent. The robust growth rate is primarily attributable to fees the Legislature enacted in the 1980s and 1990s.

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 2013, the fees generated \$64.5 million compared to \$190,000 collected in 1983, a 21.4 percent average annual growth rate.

The oil and gas regulation and cleanup fee surcharge was created by the Legislature in 2011 to be used by the

Texas Railroad Commission for oil and gas monitoring and inspections, remediation, well plugging, public information and administrative costs. The surcharge is imposed on regulatory fees paid by oil and gas well operators. In fiscal 2012 the fee generated \$9.2 million, and by 2013, its first full fiscal year of collections, had increased to \$29.2 million, a growth of 78 percent.

Waste treatment inspection fees are levied on the planning, management, collection, storage or discharge of waste or wastewater; for the costs of sampling and testing water resources; and for the storage in certain areas of hydrocarbons and hazardous substances. Fee receipts are deposited into the General Revenue-dedicated Water Resource Management Account or the General Revenue Fund to administer water quality management programs. The fee was first imposed in 1984, when collections were \$2.1 million and 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 2013, revenues totaled \$26.5 million with an average annual growth rate of 9.2 percent.

### **Parks and Wildlife Fees**

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 2013, they produced almost \$170.7 million, a 7 percent average annual growth rate, and were 2.9 percent of all state fee collections.

Game, fish and equipment fees include more than 100 different licenses, stamps or tags for hunting, fishing or trapping in Texas. Most of the revenue is from the issuance of fishing and hunting licenses. In 1972, receipts from these fees totaled \$5.8 million. In 2013, they reached \$93.5 million, a 7 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 Commission has authority to

set the fee rates by rule, and the Commission has done so several times.

State parks entrance fees for just over 90 of Texas' state parks are set by the Texas Parks and Wildlife Department. While most state park fees are collected by the Parks and Wildlife Department, some entrance fees to certain historical sites such as the Nimitz Museum, Fort McKavett, Casa Navarro and others are collected by the Texas Historical Commission. In 1972, receipts from these fees totaled \$1.8 million. In 2013, they generated \$46.3 million, for an average annual growth rate of 8.3 percent. Historically, the Legislature has appropriated collections from these fees for the maintenance and improvement of state parks and historic sites.

### **Education Fees**

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 2013, education fee collections climbed to \$1 billion, or 17.5 percent of all state fee collections. Education fee collections increased by an average of 8.7 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 \$926 million in 2013, an average annual growth rate of 8.7 percent.

Before 2003 the Legislature set tuition rates by law for all higher education institutions. The 78th Legislature passed HB 3015, effective September 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 the spring of 2004. Since the 2005-2006 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.

State law requires some tuition amounts be "set aside" for various purposes such as loan repayment programs for physicians or dentists. These are recorded under separate

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revenue codes from tuition fees (object code 3505). The 5 percent set-aside of tuition for the Texas B-On-Time Student Loan Tuition Program, established in 2003, has increased at an average annual rate of 39.7 percent from \$2.1 million in fiscal 2004 to \$58.8 million in fiscal 2013.

### 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, less than 1 percent of all state fee collections. In 2013, collections reached \$307.4 million, 5.2 percent of all state fee collections. Between 1972 and 2013, collections increased by an average of 14.2 percent each year. Much of this growth is attributable to the environmental health fees enacted in the 1980s and 1990s and to many new health care facilities fees.

Health care facilities fees are imposed for licensing a wide range of medical and other health care facilities. Prior to the passage of a quality assurance fee by the Legislature in 2001, total health care facilities fee revenue was \$7 million. The quality assurance fee resulted in increased revenue collections of \$25.2 million in 2002. By 2013, collections reached \$85.7 million, an average annual growth rate of 20 percent, and have become the top revenue source in the health fee category.

Health-related professional fees include registration fees for almost 40 professions tied to medical and health services. In 1972, they produced under \$1 million. In 2013, they generated almost \$28.8 million, an annual average growth rate of 11.1 percent. One significant factor contributing to the growth in health fee revenue has been the \$200 fee increase on selected professions enacted in HB 11 (72nd Legislature, Regular Session, 1991) previously discussed under the Business Regulation section. Similar to the fee increase on other businesses, one-fourth is dedicated to the Foundation School Program and the remainder is deposited as undedicated General Revenue. The \$200 fee increase contributed \$23 million of the \$97.4 million in the Other Health category for fiscal 2013. (See

Appendix E-1 for a listing of the occupations assessed a state professional fee and the associated rate limitations)

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 in these fees were collected. By 2013, that amount had grown to \$40.2 million, an average annual growth rate of 11.9 percent.

The waste disposal facilities, generators and transporters fees were enacted by the Legislature in 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, landfill and waste-tire disposal facilities. In 2013, fee collections were \$55.4 million, compared to 1986 collections of \$4 million, an average annual growth rate of 10.2 percent. These fees are statutorily dedicated for the permitting, administration and enforcement of various waste disposal programs, and facility cleanup and maintenance programs administered by the Texas Commission on Environmental Quality and the Texas Railroad Commission.

### Other Fees

This group includes a variety of fees and other charges associated with property, insurance, utilities, tobacco, alcohol, welfare, agriculture, courts and others. All of these various fee categories totaled \$54.4 million in 1972 and increased to \$1.3 billion in 2013, an average annual growth rate of 8 percent.

In fiscal 2013, court costs (\$283 million) and court fines (\$90 million) account for 29.3 percent of the entire Other fees category. These are levied on those convicted of a variety of felony and misdemeanor offenses, and in certain civil cases. Most of these fees are dedicated for a specific purpose related to criminal justice programs. The large increase in fiscal 2012 in court costs (object code 3704) can be attributed to consolidating certain court fees collected under separate object codes (3712, 3713 and 3721) into object code 3704.

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. Four



additional fines have been created since 1997, with the revenue dedicated to specific purposes; for certain violations of the Water Code; for certain traffic offenses; and for metal recycling violations.

The Non-Bypassable Utility Fee, created by the 76th Legislature (1999), was levied on electric utilities at the rate of 50 cents per megawatt hour, with revenues to fund electricity rate reduction programs and other purposes. The 77th Legislature (2001) gave the Public Utility Commission authority to set the rate at up to 65 cents. Collections in fiscal 2000 were below \$7 million. With full implementation in 2001, collections were \$74 million and reached \$146.7 million in 2013 for an average annual growth rate

of 26.9 percent. Since Table 4 does not include trust fund deposits, the amounts for this fee are not shown in fiscal 2002 as they were deposited to the System Benefit Trust Fund. In subsequent years, these fees were deposited to the System Benefit Account in General Revenue. Per HB 7 (83rd Legislature, Regular Session, 2013) the fee was set at zero beginning fiscal 2014 through fiscal 2016.

City Sales Tax service fees associated with the collection and allocation of local sales taxes totaled \$5.8 million in fiscal 1975. In 2013, this had risen to \$94.9 million, an average annual increase of 7.6 percent. This is a 2 percent administrative fee collected on local sales taxes remitted to the state. ☉

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# SOURCES OF REVENUE

## 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 drill-

ing 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 until 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, during the 67th Legislative Session, the Legislature enacted **HB 325**, which piggy-backed 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, during the Second Called Session of the 67th Legislature (1982), the Legislature took state property tax relief one step farther 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 Legislature convened for its 68th Legislative Session in January 1983, it faced unfamiliar circumstances. After twenty-two 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 (under \$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 twentieth 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 prepayment 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 ten 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 October 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; and
- 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. It raised the *Hotel Occupancy* tax from 3 percent to 4 percent, effective October 1984; and it 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 October 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 January 1, 1987. The bill provided for two temporary tax increases, each set to expire on August 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 up to that time.

**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 September 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; and
- 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 by more than a nickel from 20.5 cents to 26 cents per pack, effective October 1987; and it 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 January 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 January 1989, following the Comptroller's 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; allow-

ing 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 4 ounce minimum and \$200 per gram for other controlled substances with a 7 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 ten-year period beginning September 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 fis-

cal 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 January 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 September 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.

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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, non-profit country club membership fees, amusement ticket sales by non-profit 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**, with voter approval on November 5, 1991, 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 on-line 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, 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 20th. This would have become effective September 1994 and expired January 1996. However, the Comptroller 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 August 15, 1995) with their August 15, 1994 payment and to remit the remaining portion on February 15, 1995.

HB 1461 transferred the authority to collect *Insurance Premium, Maintenance*, and other insurance-related taxes to the Comptroller's Office from the 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, conditional upon the total number of new discovery wells in the state reaching specific target levels. HB 1975 provided a ten-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 September 1, 1993. SB 466, effective on January 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 September 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 August 15, 1995) with their August 15, 1994, payment and to remit the remaining portion on February 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 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 August 31, 1996 and before September 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 increased 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 September 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 December 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 August 1, 1998, this bill was expected to produce an estimated \$6.5 million “speed-up” in 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) an 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 October 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 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; and **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 September 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 September 1, 1999 and lowered the rates by 6 percent on January 1, 2002. Municipally-owned electric utilities and cooperatives were provided the option of deciding if and when to open their service area to com-

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petition. 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 October 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 October 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 January 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 September 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 2.0 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 September 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 January 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 October 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 October 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 January 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 October 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 January 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 September 1, 1999, concerned two-year inactive wells and "high-cost" gas wells. The bill extended the application period for the existing ten-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 August 31, 2002 and before September 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 September 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 September 1, 2001) an additional two years—until September 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 September 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 September 1, 2001, the odd-year prepayment had to be paid on August 15, 1999, as well as on August 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 January 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 September 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 September 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 October 1, 2001, was estimated to generate \$848,000 in the 2002-03 biennium.

SB 2 created *Sales and Use* tax exemptions for certain non-profit water supply and sewer-service corporations and for certain water and wastewater equipment. The bill, which took effect September 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 over



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 September 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 September 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 ten-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 prescribed 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 ten 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 September 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 over 14,000 pounds was extended to include model years later than 1996 but at a lower rate of 1

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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 September 1, 2003, and applicable for reports due on or after January 1, 2004, these specific provisions were estimated to raise an additional \$51.1 million in general revenue in 2004-05.

**HB 2424**, effective October 1, 2003, made the *Natural Gas Production* tax exemption permanent for high-cost gas. The bill removed the September 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 January 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 Railroad Commission after January 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 January 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 cap 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 forecast 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 September 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 September 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 September 30, 2010. The *Motor Vehicle Registration* fee surcharge of 10

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percent on truck-tractors or commercial motor vehicles, and the *Motor Vehicle Inspection* fee surcharge of \$10 on commercial motor vehicles, both extended to August 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 September 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 September 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 September 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 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 September 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 September 1, 2005, the credit was allowed at a rate of 20 percent per year over five years, instead of 10 percent per year over ten 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 September 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 September 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 September 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 September 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 September 1, 2005.

SB 1863 decreased the *Coastal Protection* fee from two cents per barrel to one and one-third 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 August 29, 2005.

SB 1863 extended the *Telecommunications Infrastructure Fund (TIF)* assessment through August 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 September 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 \$1.00 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, 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 January 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 October 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 \$1.00, 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 January 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 forecast 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 to require wholesalers and distributors of alcoholic beverages and tobacco products

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to submit to the Comptroller 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 September 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 September 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 September 1, 2007.

**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 eligible, and resulted in a loss to general revenue of \$2.2 million in the 2008-09 biennium. The bill took effect September 1, 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 September 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 September 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 September 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 September 1, 2007.

**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 September 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 September 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 January 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 January 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 September 1, 2009 to September 1, 2013. This change took effect September 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 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 to 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 September 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 September 1, 2007, and the fiscal impact for the 2008-09 biennium could not be estimated.

**HB 3554** continued the *Petroleum Products Delivery* fee through August 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 September 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 September 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 September 1, 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, provide an alternative tax calculation for certain taxpayers with less than \$10 million in total revenue, and provide 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 January 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 August 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 of 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 September 1, 2015. The bill took effect September 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, and required that the first \$3.05 million in *Insurance Maintenance* tax collections each fiscal year be deposited in a new account funding the Board's responsibilities. The 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 September 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 as a related finance company. The Comptroller 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 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 September 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 August 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 August 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 September 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 September 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 not-for-profit organization. Otherwise the *Motor Vehicle Sales and Use* tax would apply. The bill took effect September 1, 2009, and increased general revenue by \$26 million in the 2010-11 biennium.

HB 2730 included minor provisions affecting *Motor Vehicle Drivers License* fees and Driver Responsibility Program (DRP) surcharges. The bill took effect September 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 Mortgage Broker Recovery Fund over \$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 September 1st, 2009, and would have no general revenue-related fiscal impact.

## SOURCES OF REVENUE

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**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 September 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 (TWIA) 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 January 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), in order 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 September 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 September 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 had 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 *Biennial 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 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 increased the fiscal 2011 sales tax revenue estimate by \$300 million, and near the session's end the Comptroller 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 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 September 1, 2011, and increased General Revenue by \$37 million in the 2012-13 biennium.

**HB 2048** directed municipalities and counties to notify the Comptroller 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 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 September 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 August 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 September 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 September 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 September 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 January 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 October 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 October 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 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 fund revenue in fiscal 2013 by \$477.9 million, and reduce fiscal 2014 revenue by the same amount.

Article 10 (effective September 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 fund revenue in fiscal 2013 by \$17.6 million, and reduce fiscal 2014 revenue by the same amount.

Article 11 (effective October 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 fund revenue by \$3.9 million, and Property Tax Relief Fund revenue by \$7.2 million, in the 2012-13 biennium.

Article 13 (effective September 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 are not affected. The article would increase general fund revenue in fiscal 2013 by \$231.2 million, and reduce fiscal 2014 revenue by the same amount.

Article 14 (effective October 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 fund revenue by \$13.2 million in the 2012-13 biennium.

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

Article 37 (effective September 28, 2011) amended the *Franchise* tax to extend the \$1 million no-tax-due threshold that was to expire December 31, 2011 to December 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 January 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 January 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 estimated growing general revenue-related collections would carry into the 2014-15 biennium with a forecast of \$96.2 billion. In total, legis-

lators 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 estimated the state would carry a \$2.6 billion positive cash balance beyond 2014-15.

**HB 7** required the Comptroller 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 2014-2015 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 October 1, 2013, and reduced general revenue by \$0.4 million for the 2014-2015 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 year 2014 and a certification estimate-contingent 5 percent in fiscal year 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 became effective September 1, 2013, and reduced revenue to the Property Tax Relief Fund by \$482 million for the 2014-2015 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. 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 January 1, 2014, and reduced general revenue by \$213.8 million and Property Tax Relief Fund by \$86 million for the 2014-2015 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 September 1, 2013, and reduced general revenue by an indeterminate amount for the 2014-2015 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 September 1, 2013, and reduced general revenue by \$100 million for the 2014-2015 biennium.

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**HB 1223** exempted certain items used to operate a qualifying data center from state *Sales and Use* tax, 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. 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 September 1, 2013, and reduced general revenue by \$14.6 million for the 2014-2015 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 2014-2015 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 September 1, 2013, and reduced general revenue by \$140,000 and \$210,000 for State Highway for the 2014-2015 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 January 1, 2014, and reduced revenue to the Property Tax Relief Fund by \$300,000 for the 2014-2015 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 September 1, 2013, and had no significant fiscal effect for the 2014-2015 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 January 1, 2014, and reduced general revenue by an indeterminate amount for the 2014-2015 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 September 1, 2013, and increased general revenue by \$11.5 million for the 2014-2015 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 September 1, 2013, and increased general revenue by an indeterminate amount for the 2014-2015 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 January 1, 2014, and had no effect on state revenue for the 2014-2015 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 2014-2015 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 September 1, 2013, and had no significant effect on state revenue for the 2014-2015 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 2014-2015 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* tax, *Hotel and Mixed Beverage* taxes revenue from 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 September 1, 2013, and reduced general revenue by an indeterminate amount for the 2014-2015 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 September 1, 2013, and increased general revenue by an indeterminate amount for the 2014-2015 biennium.

**SB 1151** exempted snack foods from *Sales* tax, unless they are sold through a vending machine or in individual-sized portions.

The bill became effective September 1, 2013, and had no significant effect on state revenue for the 2014-2015 biennium. ☉

## SOURCES OF REVENUE

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# SOURCES OF REVENUE

## TEXAS TAX AND FEE PROFILES INTRODUCTION

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

**Rate & 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** 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 legislation the fee or tax was created by law.

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

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

**Net Collection** 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.

## SOURCES OF REVENUE

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### AIR POLLUTION CONTROL FEES Revenue Object 3375

#### RATE & BASE

*State:* Various fees and penalties to ensure that industrial construction meets federal and state pollution standards; rates range from \$25 to \$75,000

*Local:* None

*Federal:* None

*Major Exemptions:* None

#### ADMINISTRATION

*Agency:* Texas Commission on Environmental Quality

*No. of Fees Collected:* 12,594

*Payment Cycle:* Annual fees — November 1st; permits — various dates

*Due Date:* November 1st for annual fees; permits on various dates

*Remitted By:* 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 & 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

#### ALLOCATION

Civil penalties:  
General Revenue Fund 0001

Emissions fees:  
Operating Permit Fees Account 5094

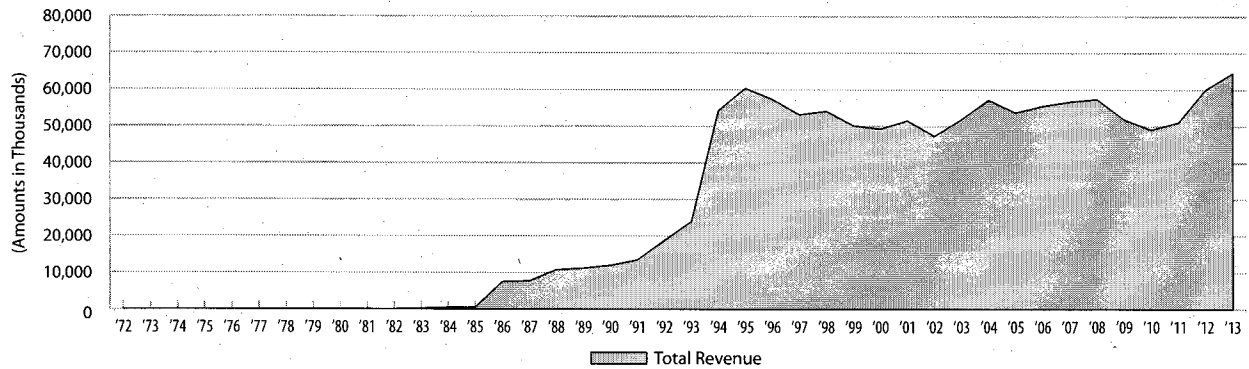
All other fees:  
Clean Air Account 0151

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

**NET COLLECTIONS**  
 (Amounts in Thousands)

Year	Total Revenue †	Percent Change	Percent of Other Revenue	Year	Total Revenue †	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				
1987	7,700	3.3	0.22				
1988	10,762	39.8	0.31				
1989	11,211	4.2	0.30				
1990	11,986	6.9	0.30				
1991	13,473	12.4	0.31				
1992	18,810	39.6	0.35				
1993	23,935	27.2	0.35				
1994	54,266	126.7	0.67				
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				

† No revenue deposited to trust



Source: Susan Combs, Texas Comptroller

## SOURCES OF REVENUE

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### AIRLINE/PASSENGER TRAIN BEVERAGE TAX Revenue Object 3254

#### RATE & BASE

*State:* 5¢ per serving of an alcoholic beverage  
*Local:* None  
*Federal:* None  
*Major Exemptions:* None

#### ADMINISTRATION

*Agency:* Texas Alcoholic Beverage Commission  
*Number of Taxpayers:* 29  
*Payment Cycle:* Monthly  
*Due Date:* 15th day of the month for the preceding month  
*Remitted By:* Businesses providing commercial airline and passenger train service

#### LEGAL CITATION(S)

Texas Alcoholic Beverage Code, §§ 34.04, 48.04

#### ENACTED

61st Legislature (1969) 5¢ per serving

#### RATE & BASE CHANGES

69th Legislature (1985) Passenger train service included  
70th Legislature (1987) Limousine service included (eff. 9/1/87)  
73rd Legislature (1993) Limousine service excluded (eff. 9/1/93)

#### ALLOCATION

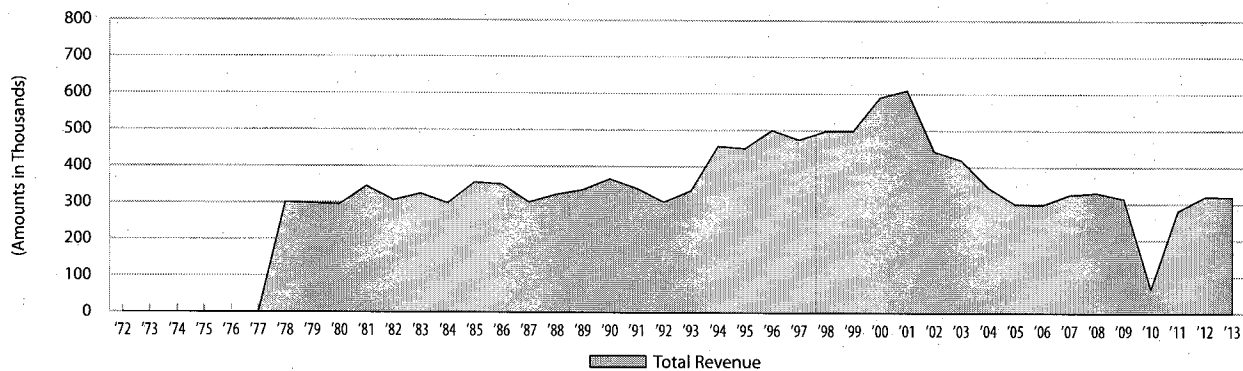
General Revenue Fund 0001 — 100%

**AIRLINE/PASSENGER TRAIN BEVERAGE TAX (concluded)**  
**Revenue Object 3254**

**NET COLLECTIONS**  
 (Amounts in Thousands)

Year	Total Revenue †	Percent Change	Percent of Taxes	Year	Total Revenue †	Percent Change	Percent of Taxes
1972	\$0	-	0.00	2000	\$590	18.3	0.00
1973	0	-	0.00	2001	609	3.3	0.00
1974	0	-	0.00	2002	443	(27.3)	0.00
1975	0	-	0.00	2003	419	(5.5)	0.00
1976	0	-	0.00	2004	344	(17.9)	0.00
1977	0	-	0.00	2005	299	(13.0)	0.00
1978	301	-	0.01	2006	297	(0.6)	0.00
1979	298	(0.9)	0.01	2007	325	9.5	0.00
1980	295	(1.2)	0.01	2008	330	1.4	0.00
1981	345	16.9	0.01	2009	314	(4.7)	0.00
1982	307	(11.0)	0.01	2010	66	(78.8)	0.00
1983	325	6.1	0.01	2011	281	323.0	0.00
1984	299	(8.0)	0.01	2012	320	13.9	0.00
1985	356	19.0	0.02	2013	319	(0.2)	0.00
1986	351	(1.5)	0.01				
1987	302	(13.9)	0.01				
1988	323	6.7	0.01				
1989	336	4.3	0.01				
1990	366	8.9	0.02				
1991	340	(7.2)	0.01				
1992	303	(11.0)	0.01				
1993	334	10.5	0.01				
1994	456	36.4	0.02				
1995	450	(1.3)	0.02				
1996	500	11.0	0.02				
1997	474	(5.2)	0.02				
1998	498	5.1	0.02				
1999	498	0.1	0.02				

† No revenue deposited to trust.



Source: Susan Combs, Texas Comptroller

## SOURCES OF REVENUE

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### ATTORNEY OCCUPATION TAX Revenue Object 3135\*

#### RATE & BASE

*State:* \$200 per year imposed on each attorney  
*Local:* None  
*Federal:* None  
*Major Exemptions:* Judges; federal/state employees; certain city, county and district attorneys; attorneys 70 years and older; certain non-profit corporation attorneys; and attorneys on inactive status

#### ADMINISTRATION

*Agency:* Texas Supreme Court  
*Number of Taxpayers:* 65,487  
*Payment Cycle:* In advance, annually  
*Due Date:* On or before June 1  
*Remitted By:* Licensed attorneys

#### LEGAL CITATION(S)

Texas Tax Code, §§ 191.141–191.145

#### ENACTED

70th Legislature (1987) \$110 per year (eff. 1/1/88 to 5/31/90)  
72nd Legislature (1991) \$200 per year (eff. 9/1/91)

#### RATE & BASE CHANGES

None

#### ALLOCATION

Foundation School Fund 0193 — 25%  
General Revenue Fund 0001 — 75%

**ATTORNEY OCCUPATION TAX (concluded)**  
**Revenue Object 3135\***

**NET COLLECTIONS**  
 (Amounts in Thousands)

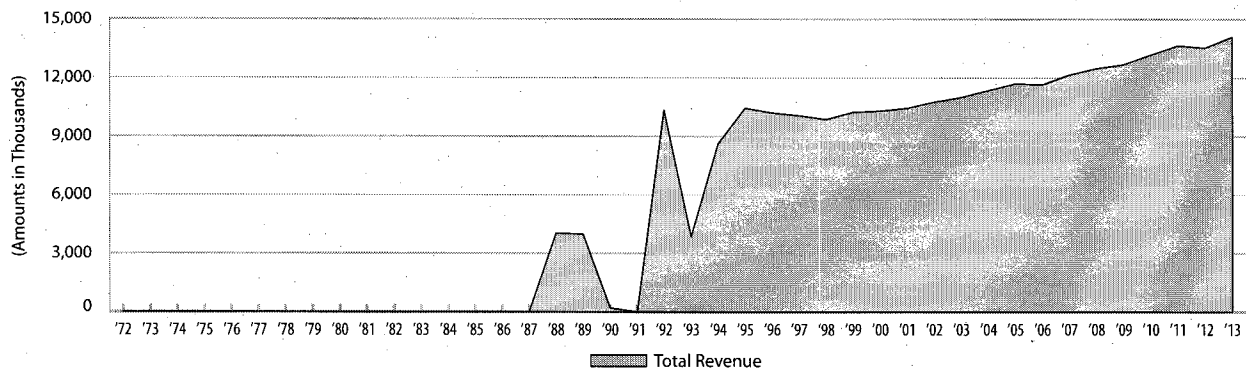
Year	Total Revenue †	Percent Change	Percent of Taxes	Year	Total Revenue †	Percent Change	Percent of Taxes
1972	\$0	-	0.00	2000	\$10,300	0.6	0.04
1973	0	-	0.00	2001	10,442	1.4	0.04
1974	0	-	0.00	2002	10,762	3.1	0.04
1975	0	-	0.00	2003	11,000	2.2	0.04
1976	0	-	0.00	2004	11,354	3.2	0.04
1977	0	-	0.00	2005	11,699	3.0	0.05
1978	0	-	0.00	2006	11,649	(0.4)	0.05
1979	0	-	0.00	2007	12,153	4.3	0.05
1980	0	-	0.00	2008	12,484	2.7	0.05
1981	0	-	0.00	2009	12,684	1.6	0.05
1982	0	-	0.00	2010	13,176	3.9	0.05
1983	0	-	0.00	2011	13,652	3.6	0.05
1984	0	-	0.00	2012	13,541	(0.8)	0.05
1985	0	-	0.00	2013	14,093	4.1	0.06
1986	0	-	0.00				
1987	0	-	0.00				
1988	4,026	-	0.17				
1989	3,977	(1.2)	0.17				
1990	195	(95.1)	0.01				
1991	1	(99.4)	0.00				
1992 <sup>2</sup>	10,338	na	0.44				
1993	3,853	(62.7)	0.16				
1994	8,613	123.5	0.37				
1995	10,446	21.3	0.45				
1996	10,205	(2.3)	0.44				
1997	10,065	(1.4)	0.43				
1998	9,873	(1.9)	0.42				
1999	10,241	3.7	0.44				

\* Revenue object code 3659 (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> During the period from fiscal 1988-93 some revenue from this tax was deposited to object code 3195 (Temporary Attorney tax)

<sup>2</sup> Revenue for fiscal 1992 includes a \$3.1 million deposit error; that entry was reversed in fiscal 1993



Source: Susan Combs, Texas Comptroller

## SOURCES OF REVENUE

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### BEER TAX Revenue Object 3258

#### RATE & 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:* 202  
*Payment Cycle:* Monthly  
*Due Date:* 15th day of the month for the preceding month  
*Remitted By:* Beer distributors, manufacturers, and brew pubs

#### LEGAL CITATION(S)

Texas Alcoholic Beverage Code, § 203.01

#### ENACTED

44th Legislature (1935) \$1.24 per barrel

#### RATE & 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)

#### ALLOCATION

General Revenue Fund 0001 — 100%

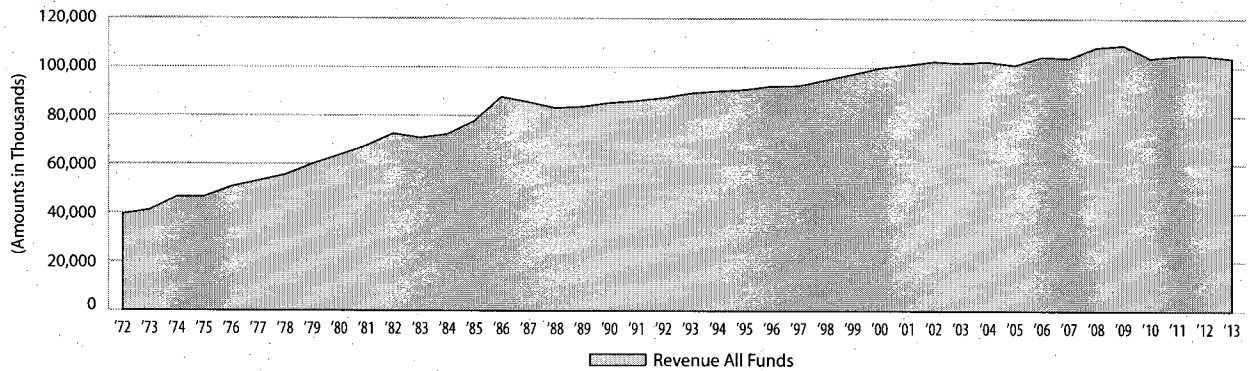


**BEER TAX (concluded)**  
**Revenue Object 3258**

**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	1.75	2001	100,982	100,982	1.2	0.40
1974	46,435	46,435	13.0	1.98	2002	102,453	102,453	1.5	0.41
1975	46,514	46,514	0.2	1.98	2003	101,877	101,877	(0.6)	0.40
1976	50,620	50,620	8.8	2.16	2004	102,375	102,375	0.5	0.40
1977	53,100	53,100	4.9	2.27	2005	101,064	101,064	(1.3)	0.40
1978	55,565	55,565	4.6	2.37	2006	104,418	104,418	3.3	0.41
1979	59,976	59,976	7.9	2.56	2007	103,882	103,882	(0.5)	0.41
1980	63,697	63,697	6.2	2.72	2008	108,325	108,325	4.3	0.43
1981	67,571	67,571	6.1	2.88	2009	109,236	109,236	0.8	0.43
1982	72,595	72,595	7.4	3.10	2010	103,958	103,958	(4.8)	0.41
1983	70,862	70,862	(2.4)	3.02	2011 <sup>1</sup>	104,986	104,843	0.9	0.41
1984	72,347	72,347	2.1	3.09	2012	105,039	104,949	0.1	0.42
1985	77,842	77,842	7.6	3.32	2013	103,849	103,743	(1.1)	0.41
1986	87,790	87,790	12.8	3.75					
1987	85,641	85,641	(2.4)	3.65					
1988	83,219	83,219	(2.8)	3.55					
1989	83,773	83,773	0.7	3.57					
1990	85,356	85,356	1.9	3.64					
1991	86,207	86,207	1.0	3.68					
1992	87,438	87,438	1.4	3.73					
1993	89,309	89,309	2.1	3.81					
1994	90,178	90,178	1.0	3.85					
1995	90,802	90,802	0.7	3.87					
1996	92,259	92,259	1.6	3.94					
1997	92,433	92,433	0.2	3.94					
1998	94,812	94,812	2.6	4.04					
1999	97,167	97,167	2.5	4.15					

<sup>1</sup> Starting in 2011, the Events Trust Fund, Major Events Trust Fund, Special Events Trust Fund and the Motor Sports and Racing Trust Fund started collection of alcoholic beverage taxes



Source: Susan Combs, Texas Comptroller

## SOURCES OF REVENUE

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### BINGO RENTAL TAX Revenue Object 3166

#### RATE & BASE

*State:* 3% of the gross rental of premises for the conduct of bingo games by a licensed, authorized commercial lessor or licensee

*Local:* None

*Federal:* None

*Major Exemptions:* None

#### ADMINISTRATION

*Agency:* Texas Lottery Commission

*Number of Taxpayers:* 394

*Payment Cycle:* Quarterly

*Due Date:* 15th day of the month succeeding each calendar quarter

*Remitted By:* Authorized commercial lessor or licensee

#### LEGAL CITATION(S)

Texas Occupations Code, § 2001.501

#### ENACTED

72nd Legislature, First Special (1991) 3% of gross rental receipts

#### RATE & BASE CHANGES

None

#### ALLOCATION

General Revenue Fund 0001 — 100%

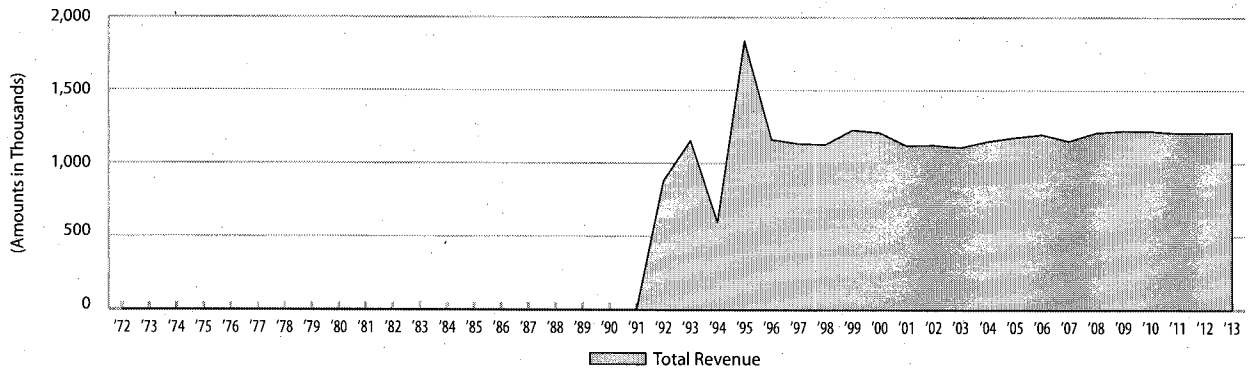
**BINGO RENTAL TAX (concluded)**  
**Revenue Object 3166**

**NET COLLECTIONS**  
 (Amounts in Thousands)

Year	Total Revenue †	Percent Change	Percent of Taxes	Year	Total Revenue †	Percent Change	Percent of Taxes
1972	\$0	-	0.00	2000	\$1,211	(1.4)	0.00
1973	0	-	0.00	2001	1,121	(8.7)	0.00
1974	0	-	0.00	2002	1,125	0.3	0.00
1975	0	-	0.00	2003	1,109	(1.4)	0.00
1976	0	-	0.00	2004	1,151	3.8	0.00
1977	0	-	0.00	2005	1,177	2.3	0.00
1978	0	-	0.00	2006	1,197	1.7	0.00
1979	0	-	0.00	2007	1,153	(3.6)	0.00
1980	0	-	0.00	2008	1,210	4.9	0.00
1981	0	-	0.00	2009	1,223	1.0	0.00
1982	0	-	0.00	2010	1,221	(0.1)	0.00
1983	0	-	0.00	2011	1,208	(1.1)	0.00
1984	0	-	0.00	2012	1,207	(0.1)	0.00
1985	0	-	0.00	2013	1,212	0.4	0.00
1986	0	-	0.00				
1987	0	-	0.00				
1988	0	-	0.00				
1989	0	-	0.00				
1990	0	-	0.00				
1991	0	-	0.00				
1992	879	-	0.04				
1993	1,156	31.6	0.05				
1994	596	(48.4)	0.03				
1995	1,839	208.3	0.08				
1996	1,163	(36.8)	0.05				
1997	1,135	(2.4)	0.05				
1998	1,129	(0.5)	0.05				
1999	1,228	8.8	0.05				

† No revenue deposited to trust

‡ \$630,000 collected in fiscal 1994 was not processed until fiscal 1995



Source: Susan Combs, Texas Comptroller

## SOURCES OF REVENUE

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### BOAT AND BOAT MOTOR SALES AND USE TAX Revenue Object 3111

#### RATE & BASE

*State:* 6.25% of the total consideration on every retail sale of a taxable boat or boat motor; \$15 tax for each taxable boat or boat motor brought into the state by a new resident

*Local:* None, but counties retain 5% of collections.

*Federal:* None

*Major Exemptions:* Sales to government; canoes, kayaks and rowboats

#### ADMINISTRATION

*Agency:* Texas Parks and Wildlife Department

*Number of Taxpayers:* 255

*Payment Cycle:* Monthly

*Due Date:* 10th day of the month for the preceding month

*Remitted By:* County tax assessor-collectors and Texas Parks and Wildlife Department

#### LEGAL CITATION(S)

Texas Tax Code, §§ 160.021–160.023, 160.041, 160.121

#### ENACTED

72nd Legislature (1991) 6.25%

#### RATE & BASE CHANGES

75th Legislature (1997) Base expanded to include sales of commercial boats not more than 65 feet long

#### 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:  
Game, Fish, and Water Safety Account 0009 — 5%  
General Revenue Fund 0001 — 95%

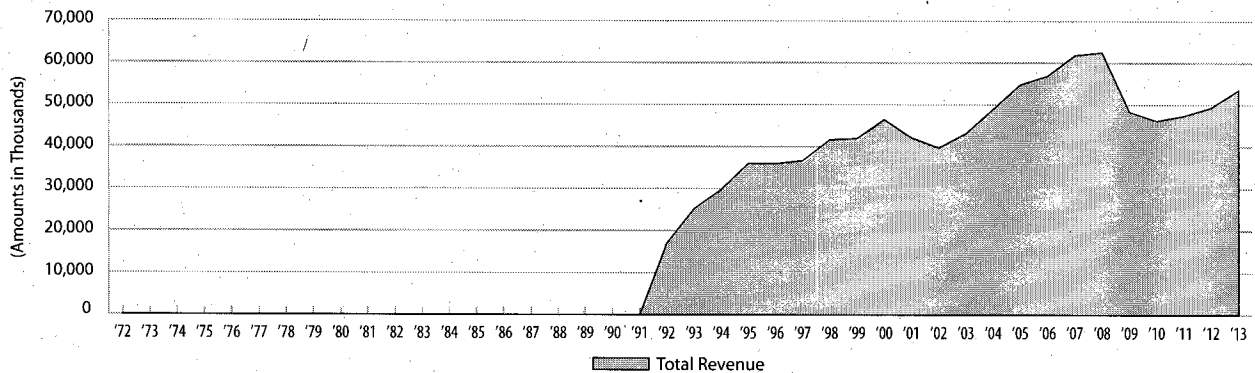
**BOAT AND BOAT MOTOR SALES AND USE TAX (concluded)**  
**Revenue Object 3111**

**NET COLLECTIONS**  
 (Amounts in Thousands)

Year	Total Revenue †	Percent Change	Percent of Taxes	Year	Total Revenue †	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)	0.17
1974	0	-	0.00	2002	39,727	(5.7)	0.16
1975	0	-	0.00	2003	43,127	8.6	0.17
1976	0	-	0.00	2004	48,923	13.4	0.19
1977	0	-	0.00	2005	54,776	12.0	0.22
1978	0	-	0.00	2006	56,854	3.8	0.22
1979	0	-	0.00	2007	61,777	8.7	0.24
1980	0	-	0.00	2008	62,466	1.1	0.25
1981	0	-	0.00	2009	48,328	(22.6)	0.19
1982	0	-	0.00	2010	46,153	(4.5)	0.18
1983	0	-	0.00	2011	47,373	2.6	0.19
1984	0	-	0.00	2012	49,348	4.2	0.20
1985	0	-	0.00	2013	53,510	8.4	0.21
1986	0	-	0.00				
1987	0	-	0.00				
1988	0	-	0.00				
1989	0	-	0.00				
1990	0	-	0.00				
1991	0	-	0.00				
1992 <sup>1</sup>	17,016	-	0.73				
1993	25,149	47.8	1.07				
1994	29,738	18.2	1.27				
1995	35,970	21.0	1.53				
1996	35,879	(0.3)	1.53				
1997	36,624	2.1	1.56				
1998	41,628	13.7	1.78				
1999	41,918	0.7	1.79				

† 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: Susan Combs, Texas Comptroller

## SOURCES OF REVENUE

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### CEMENT PRODUCTION TAX Revenue Object 3136

#### RATE & BASE

*State:* \$0.0275 per 100 pounds on first intrastate distribution, sale, or use of cement manufactured within or imported into the state

*Local:* None

*Federal:* None

*Major Exemptions:* None

#### ADMINISTRATION

*Agency:* Comptroller of Public Accounts

*Number of Taxpayers:* 24

*Payment Cycle:* Monthly

*Due Date:* 25th day of the month for the preceding month

*Remitted By:* Manufacturer, producer, or importer

#### LEGAL CITATION(S)

Texas Tax Code, § 181.001, 181.002

#### ENACTED

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

#### RATE & BASE CHANGES

47th Legislature (1941) \$0.025 per 100 pounds

52nd Legislature (1951) \$0.0275 per 100 pounds

#### ALLOCATION

Foundation School Fund 0193 — 25%

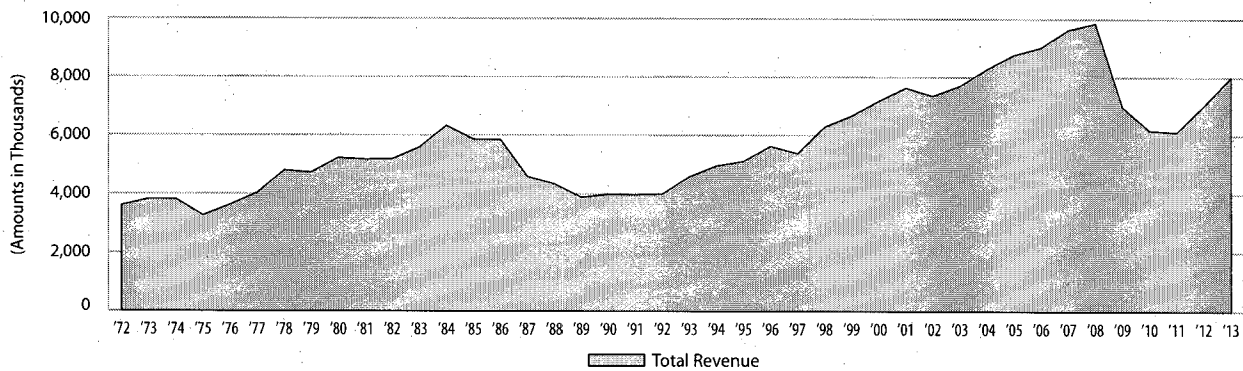
General Revenue Fund 0001 — 75%

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

**NET COLLECTIONS**  
 (Amounts in Thousands)

Year	Total Revenue †	Percent Change	Percent of Taxes	Year	Total Revenue †	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				
1987	4,589	(21.6)	0.04				
1988	4,341	(5.4)	0.04				
1989	3,888	(10.4)	0.03				
1990	3,988	2.6	0.03				
1991	3,973	(0.4)	0.03				
1992	3,999	0.7	0.03				
1993	4,589	14.7	0.03				
1994	4,953	7.9	0.03				
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: Susan Combs, Texas Comptroller

**CIGARS AND TOBACCO PRODUCTS TAX**  
**Revenue Object 3278**

**RATE & BASE**

*State:* Cigar rate varies with weight per 1,000, ingredients 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.

*Local:* None

*Federal:* 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.

*Major Exemptions:* Importation with retail value at 25 cents or less; Indian tribal facility sales; federal institution sales

**ADMINISTRATION**

*Agency:* Comptroller of Public Accounts

*Number of Taxpayers:* 369

*Payment Cycle:* Monthly

*Due Date:* 30th of month for distributors

*Remitted By:* Cigar and tobacco wholesale distributors

**LEGAL CITATION(S)**

Texas Tax Code, §§ 155.021, 155.0211

**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 & 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 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; for non-cigar tobacco products (1) tax revenues that would be attributable to a tax rate of 35.213% of manufacturer's list price, and (2) 85% (decreases to 75% on 09/01/10 and 50% on 09/01/11) of the tax revenues collected in excess of what would be attributable to a tax rate of 40%

Property Tax Relief Fund 0304 — All tax revenues attributable to the portion of tax rate on non-cigar tobacco products in excess of 35.213% if the tax rate were 40% of the manufacturer's list price

Physician Loan Repayment Program Account 5144 — For non-cigar tobacco products, 15% (increases to 25% on 09/01/10 and 50% on 09/01/11) of the tax revenues collected in excess of what would be attributable to a tax rate of 40% of the manufacturer's list price

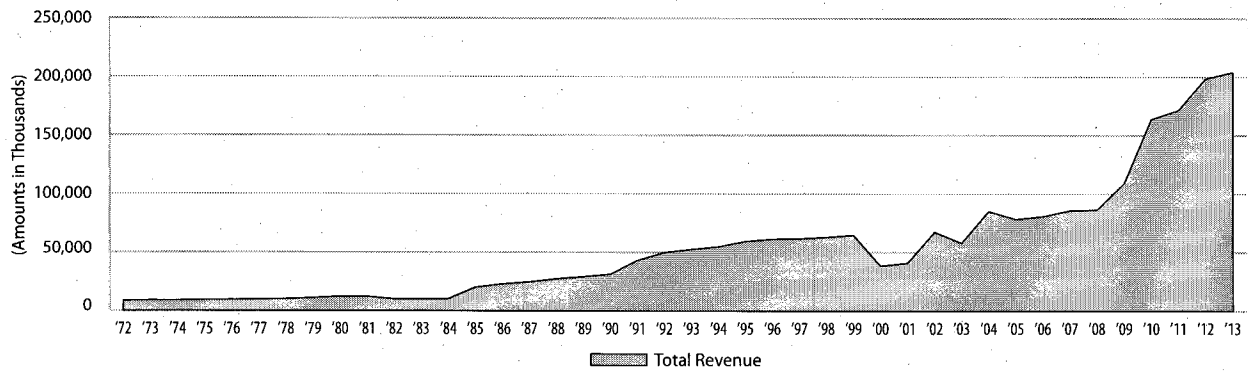


**CIGARS AND TOBACCO PRODUCTS TAX (concluded)**  
**Revenue Object 3278**

**NET COLLECTIONS**  
 (Amounts in Thousands)

Year	Total Revenue †	Percent Change	Percent of Taxes	Year	Total Revenue †	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				
1987	24,658	7.5	0.24				
1988	27,177	10.2	0.22				
1989	29,080	7.0	0.23				
1990	31,221	7.4	0.23				
1991	43,032	37.8	0.29				
1992	49,788	15.7	0.31				
1993	52,468	5.4	0.31				
1994	54,623	4.1	0.30				
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				

† No revenue deposited to trust



Source: Susan Combs, Texas Comptroller

## SOURCES OF REVENUE

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### CIGARETTE TAX Revenue Object 3275\*

#### RATE & 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>	\$1.0066 per pack of 20 cigarettes (\$50.33 per 1,000 cigarettes weighing 3 pounds or less per 1,000; \$105.69 per 1,000 cigarettes weighing more than 3 pounds per 1,000)
<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>	88
<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 & 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.

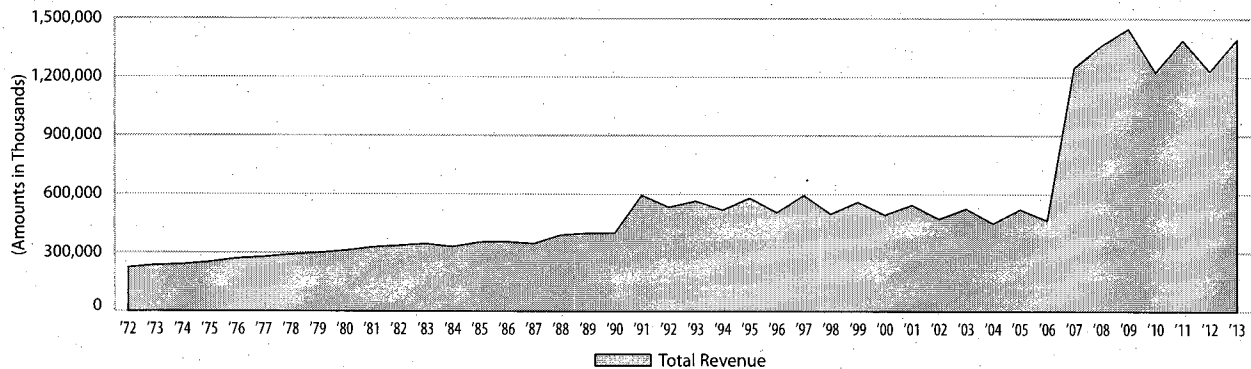
**CIGARETTE TAX (concluded)**  
**Revenue Object 3275\***

**NET COLLECTIONS**  
 (Amounts in Thousands)

Year	Total Revenue †	Percent Change	Percent of Taxes	Year	Total Revenue †	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				
1987	346,185	(2.7)	3.37				
1988	389,822	12.6	3.15				
1989	399,303	2.4	3.09				
1990	400,358	0.3	2.94				
1991	593,968	48.4	3.98				
1992	533,005	(10.3)	3.36				
1993	564,367	5.9	3.32				
1994	518,714	(8.1)	2.86				
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: Susan Combs, Texas Comptroller

## SOURCES OF REVENUE

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### CITY SALES TAX SERVICE FEES Revenue Object 3106

#### RATE & BASE

*State:* Administrative services fee of 2% of the tax collections made in those cities that impose local option sales taxes.

*Local:* None

*Federal:* None

*Major Exemptions:* None

#### ADMINISTRATION

*Agency:* Comptroller of Public Accounts

*No. of Fees Collected:* 1,146

*Payment Cycle:* N/A

*Due Date:* When monthly remittances are made to each city.

*Remitted By:* Municipalities.

#### LEGAL CITATION(S)

Tax Code sec. 321.503

#### ENACTED

1967 by HB 207, 60th Leg.

#### RATE & BASE CHANGES

#### ALLOCATION

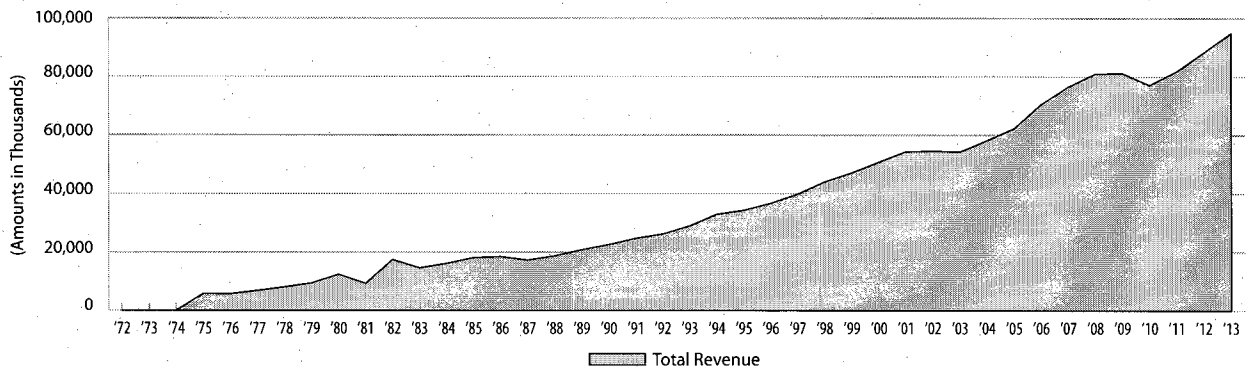
0001—General Revenue Fund

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

**NET COLLECTIONS**  
 (Amounts in Thousands)

Year	Total Revenue †	Percent Change	Percent of Other Revenue	Year	Total Revenue †	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				
1987	17,240	(6.5)	0.49				
1988	18,699	8.5	0.53				
1989	20,791	11.2	0.56				
1990	22,571	8.6	0.56				
1991	24,679	9.3	0.57				
1992	26,156	6.0	0.49				
1993	28,940	10.6	0.42				
1994	32,926	13.8	0.41				
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				

† No revenue deposited to trust



Source: Susan Combs, Texas Comptroller

## SOURCES OF REVENUE

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### COURT COSTS Revenue Object 3704

#### RATE & BASE

<i>State:</i>	Various rates depending upon offense. For most penalties: felony, \$133; class A or B misdemeanor, \$83; nonjailable misdemeanor, \$40.
<i>Local:</i>	None, but local governments retain 10% of total collections
<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>	Last day of the month for the preceding quarter
<i>Remitted By:</i>	City and county treasurers

#### LEGAL CITATION(S)

Texas Code of Criminal Procedures, Arts. 56.55–56.56  
Texas Government Code, Chapter 102 (formerly Texas Code of Criminal Procedures, Arts. 102.071–102.075)

#### ENACTED

Various dates depending on penalty.

#### RATE & 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; added new \$12.50 fee for CVC on certain misdemeanor offenses  
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 (1995) Consolidated fees to single court case fee except for CVC; established single "court cost for special services"

#### ALLOCATION

Many of these costs are split between several of the following funds and accounts:  
Law Enforcement and Custodial Officer Supplement Retirement Trust Fund 0977  
Center For Study and Prevention of Juvenile Crime and Delinquency GR Account 5029  
Emergency Radio Infrastructure GR Account 5153  
EMS, Trauma Facilities, Trauma Care Systems GR Account 5108  
Comprehensive Rehabilitation GR Account 0107  
Texas Commission on Law Enforcement GR Account 0116  
Criminal Justice Planning GR Account 0421  
Compensation to Victims of Crime GR Account 0469  
Judicial and Court Personnel Training GR Account 0540  
Bill Blackwood Law Enforcement Management Institute GR Account 0581  
Crime Stoppers Assistance GR Account 5012  
Fair Defense GR Account 5073  
General Revenue Fund 0001  
Judicial Fund 0573  
Statewide Electronic Filing System GR Account 5157

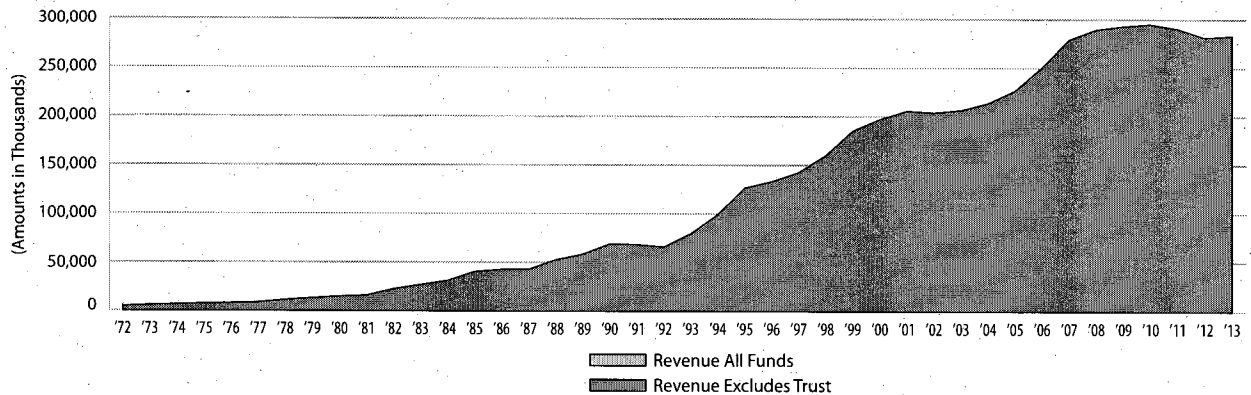
**COURT COSTS (concluded)**  
**Revenue Object 3704**

**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	-	1.11	2001	205,700	205,700	4.4	2.11
1974	6,322	6,322	-	1.23	2002	203,973	203,973	(0.8)	2.09
1975	7,236	7,236	-	1.41	2003	206,488	206,488	1.2	2.11
1976	7,799	7,799	-	1.52	2004	213,527	213,527	3.4	2.19
1977	8,597	8,597	-	1.67	2005	226,524	226,524	6.1	2.32
1978	11,080	11,080	-	2.16	2006 <sup>2</sup>	250,673	250,672	10.7	2.57
1979	13,046	13,046	-	2.54	2007	279,092	279,092	11.3	2.86
1980	14,688	14,688	-	2.86	2008	289,498	289,498	3.7	2.97
1981	15,793	15,793	-	3.07	2009	292,883	292,883	1.2	3.00
1982	22,496	22,496	-	4.38	2010	294,903	294,903	0.7	3.02
1983	26,769	26,769	-	5.21	2011	290,301	290,301	(1.6)	2.97
1984	31,124	31,124	-	6.05	2012	281,289	281,289	(3.1)	2.88
1985	40,290	40,290	-	7.84	2013	283,047	283,047	0.6	2.90
1986	42,598	42,598	-	8.29					
1987	42,753	42,753	-	8.32					
1988	52,512	52,512	-	10.21					
1989	58,244	58,244	10.9	11.33					
1990	68,833	68,833	18.2	13.39					
1991	68,328	68,324	(0.7)	13.29					
1992	65,901	65,901	(3.5)	12.82					
1993	79,478	79,478	20.6	15.46					
1994	99,118	99,118	24.7	19.28					
1995	126,628	126,628	27.8	24.63					
1996	133,120	133,120	5.1	25.89					
1997 <sup>1</sup>	142,640	142,640	7.2	27.75					
1998	160,133	160,132	12.3	31.15					
1999	185,189	185,189	15.6	36.02					

<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: Susan Combs, Texas Comptroller

## SOURCES OF REVENUE

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### COURT FINES Revenue Object 3710

#### RATE & BASE

*State:* \$500 for contempt of court; \$30 state traffic fine; fines related to metal recycling. Up to \$10,000; \$25 to \$50 for offense relating to use of seat belts; state portion of fines and penalties related to Water Code Chapter.

*Local:* Municipality or county may retain 5% as a service fee on traffic fines, 10% on metal recycling fine, and 50% of total seat belt fines.

*Federal:* None

*Major Exemptions:* None

#### ADMINISTRATION

*Agency:* Comptroller of Public Accounts. Texas Commission on Environmental Quality for water penalties.

*No. of Fees Collected:* N/A

*Payment Cycle:* N/A

*Due Date:* As determined by the court or quarterly, depending on the fine.

*Remitted By:* Municipality or county.

#### LEGAL CITATION(S)

Government Code sec. 21.002  
Transportation Code sec. 542.4031, 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 & BASE CHANGES

77th Legislature (2003) Added seat belt/child safety belt fine.  
78th Legislature (2001) Added state traffic fine.  
82nd Legislature (2011) Added metal recycling fee.

#### ALLOCATION

General Revenue Fund 0001

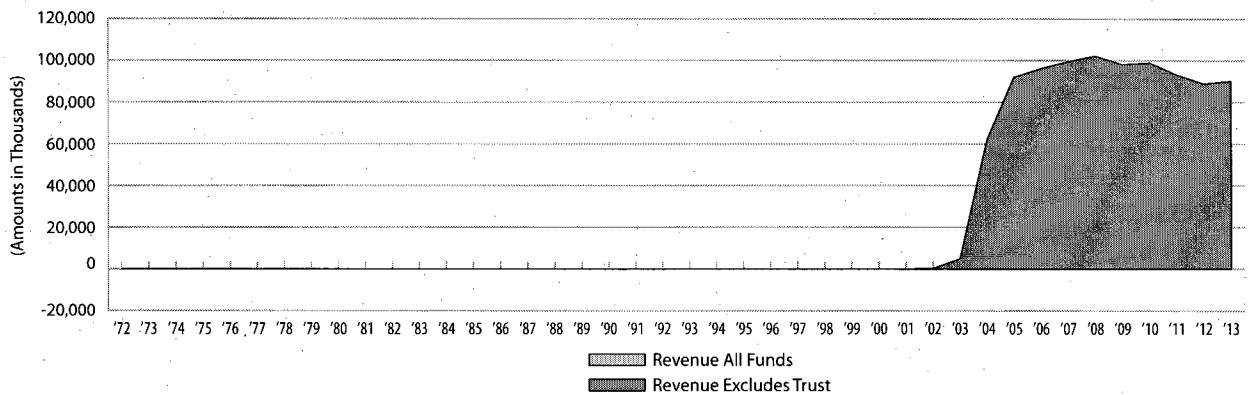


**COURT FINES (concluded)**  
**Revenue Object 3710**

**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	0.05
1976	0	0	-	0.00	2004	61,859	61,859	1,159.6	0.63
1977	0	0	-	0.00	2005	91,933	91,933	48.6	0.94
1978	0	0	-	0.00	2006	96,108	96,108	4.5	0.98
1979	0	0	-	0.00	2007	99,465	99,465	3.5	1.02
1980	0	0	-	0.00	2008	102,170	102,170	2.7	1.05
1981	0	0	-	0.00	2009	98,044	98,044	(4.0)	1.00
1982	0	0	-	0.00	2010	98,861	98,861	0.8	1.01
1983	0	0	-	0.00	2011	93,188	93,188	(5.7)	0.95
1984	1	1	87.3	0.00	2012	88,816	88,816	(4.7)	0.91
1985	2	2	169.7	0.00	2013	90,143	90,143	1.5	0.92
1986	1	1	(28.7)	0.00					
1987	2	2	59.7	0.00					
1988	2	2	(13.6)	0.00					
1989	3	3	58.5	0.00					
1990 <sup>1</sup>	3	3	6.3	0.00					
1991	3	3	(14.9)	0.00					
1992	1	1	(75.4)	0.00					
1993	3	3	358.6	0.00					
1994	1	1	(62.6)	0.00					
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: Susan Combs, Texas Comptroller

## SOURCES OF REVENUE

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### CREDIT CARD AND ELECTRONIC SERVICES RELATED FEES Revenue Object 3879

#### RATE & BASE

*State:* Fees for the use of a credit, charge or debit card to pay fees and penalties; fees related to electronic services transactions, including processing and convenience fees, and cost recovery fees in relation to the State Electronic Internet Portal project.

*Local:* None

*Federal:* None

*Major Exemptions:* None

#### ADMINISTRATION

*Agency:* Various authorized state agencies

*No. of Fees Collected:* 19,157,248

*Payment Cycle:* N/A

*Due Date:* At time payment is remitted.

*Remitted By:* Users of Credit Cards

#### LEGAL CITATION(S)

Government Code secs. 403.023, and 2054.2591.

#### ENACTED

HB 2048, 79th Leg., R.S.

#### RATE & BASE CHANGES

#### ALLOCATION

The appropriated fund or account.

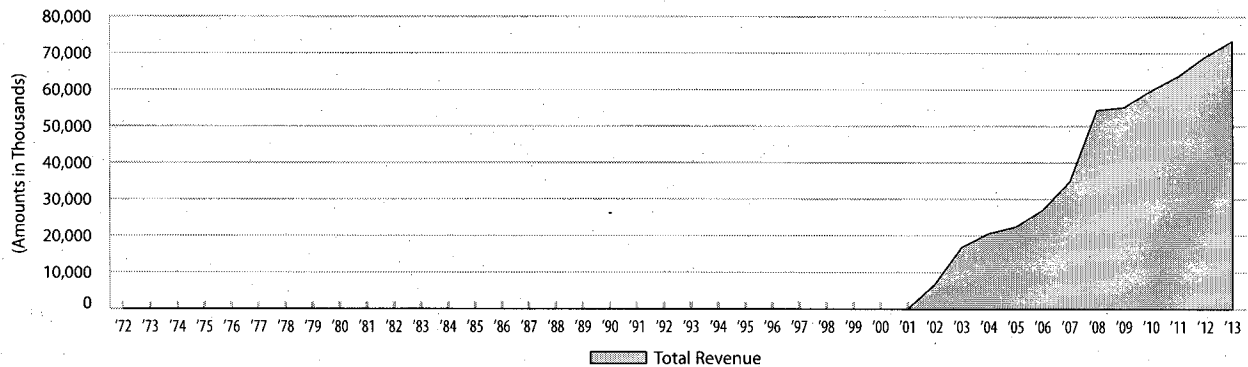
**CREDIT CARD AND ELECTRONIC SERVICES RELATED FEES (concluded)**  
**Revenue Object 3879**

**NET COLLECTIONS**  
 (Amounts in Thousands)

Year	Total Revenue †	Percent Change	Percent of Other Revenue	Year	Total Revenue †	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	-	0.07
1975	0	-	0.00	2003	16,834	151.4	0.17
1976	0	-	0.00	2004	20,613	22.4	0.21
1977	0	-	0.00	2005	22,436	8.8	0.23
1978	0	-	0.00	2006	27,037	20.5	0.28
1979	0	-	0.00	2007	34,836	28.8	0.36
1980	0	-	0.00	2008	54,344	56.0	0.56
1981	0	-	0.00	2009	55,166	1.5	0.57
1982	0	-	0.00	2010	59,690	8.2	0.61
1983	0	-	0.00	2011	63,655	6.6	0.65
1984	0	-	0.00	2012	68,988	8.4	0.71
1985	0	-	0.00	2013	73,291	6.2	0.75
1986	0	-	0.00				
1987	0	-	0.00				
1988	0	-	0.00				
1989	0	-	0.00				
1990	0	-	0.00				
1991	0	-	0.00				
1992	0	-	0.00				
1993	0	-	0.00				
1994	0	-	0.00				
1995	0	-	0.00				
1996	0	-	0.00				
1997	0	-	0.00				
1998	0	-	0.00				
1999	0	-	0.00				

† No revenue deposited to trust

<sup>1</sup> Prior to fiscal 2001, 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: Susan Combs, Texas Comptroller

## SOURCES OF REVENUE

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### DIESEL FUEL TAX Revenue Object 3008\*

#### RATE & BASE

*State:* 20 cents per gallon (eligible transit companies qualify for a refund of one-half cent per gallon)  
*Local:* None  
*Federal:* \$0.244 per gallon  
*Major Exemptions:* Federal government; aircraft and aircraft servicing equipment; scheduled inter-city bus routes; volunteer fire departments; moveable specialized oil field servicing equipment; diesel fuel leaving state in fuel supply tank of licensed commercial motor vehicles; Texas public school districts; commercial transportation companies and/or certain metropolitan rapid transit authorities providing public school transportation services to Texas school district; non-profit electric/telephone cooperatives organized under Utilities Code; diesel fuel used as feedstock in manufacturing certain tangible personal property or in a medium for removal of drill cuttings from well bore in production of oil/natural gas; exemptions available for agricultural/industrial/commercial, marine, railway engine and off-road uses only if dyed diesel fuel is used

#### ADMINISTRATION

*Agency:* Comptroller of Public Accounts  
*Number of Taxpayers:* 17,365  
*Payment Cycle:* 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  
*Due Date:* Monthly — 25th day of the month for taxes collected during the preceding month  
Quarterly — 25th day of the month succeeding each calendar quarter  
*Remitted By:* 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, 162.235

#### ENACTED

47th Legislature (1941) 8 cents per gallon

#### RATE & 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 undyed diesel fuel used for purposes other than to propel motor vehicles on public highways of Texas and for enforcement:  
Available School Fund 0002 — 25% of balance  
State Highway Fund 0006 — 75% of balance

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

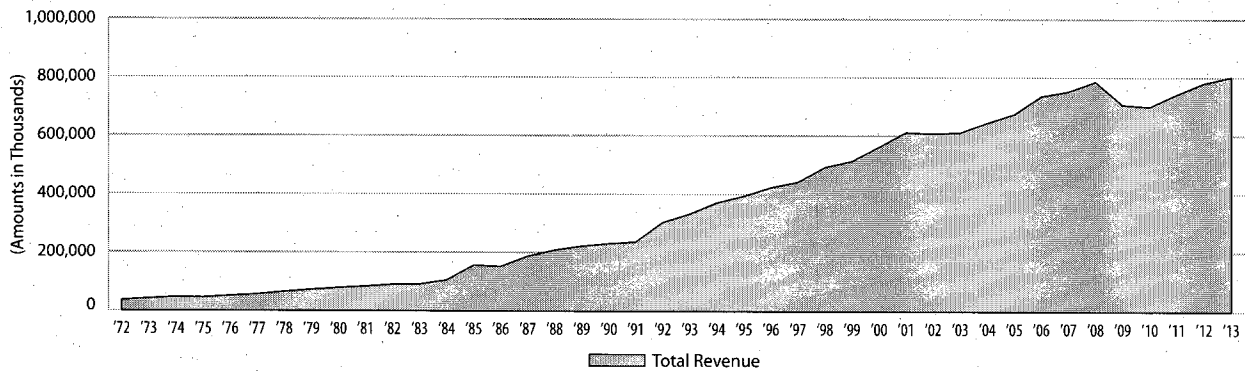
**NET COLLECTIONS**  
 (Amounts in Thousands)

Year	Total Revenue †	Percent Change	Percent of Taxes	Year	Total Revenue †	Percent Change	Percent of Taxes
1972 1	\$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				
1987	186,672	23.2	1.82				
1988	207,780	11.3	1.68				
1989	221,482	6.6	1.72				
1990	229,979	3.8	1.69				
1991	235,859	2.6	1.58				
1992	303,118	28.5	1.91				
1993	331,707	9.4	1.95				
1994	369,921	11.5	2.04				
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

1 Includes Liquefied Gas tax receipts from fiscal 1972 through 1979



Source: Susan Combs, Texas Comptroller

## SOURCES OF REVENUE

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### DRIVER RECORD INFORMATION FEES Revenue Object 3027

#### RATE & BASE

*State:* \$6 per request for conviction/accident records; other driver record reports are from \$4 to \$2,000 depending on the information requested

*Local:* None

*Federal:* None

*Major Exemptions:* Law enforcement and other government agencies

#### ADMINISTRATION

*Agency:* Texas Department of Public Safety (DPS) and Texas Department of Transportation (TxDOT)

*No. of Fees Collected:* 12,710,903

*Payment Cycle:* Daily

*Due Date:* Daily

*Remitted By:* 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 & 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

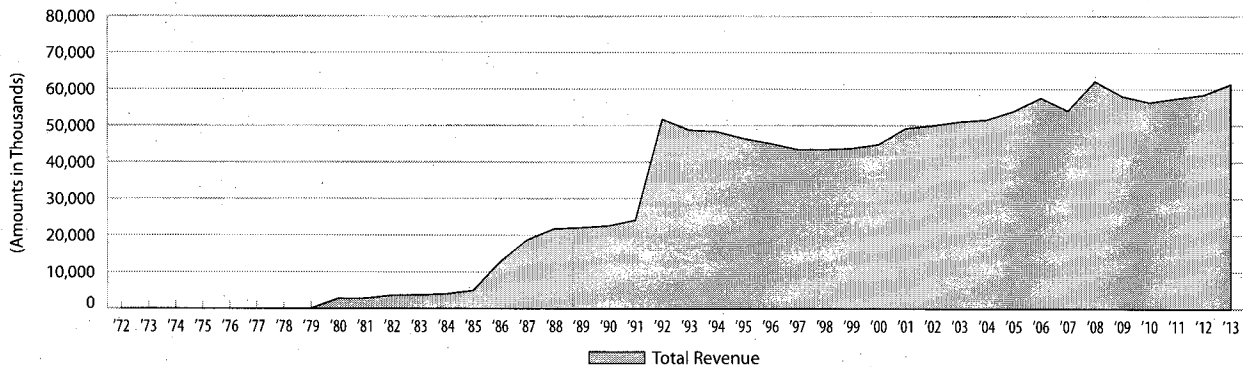
Texas Mobility Fund 0365 — all remaining fees

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

**NET COLLECTIONS**  
 (Amounts in Thousands)

Year	Total Revenue †	Percent Change	Percent of Other Revenue	Year	Total Revenue †	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				
1987	18,711	46.2	0.54				
1988	21,735	16.2	0.62				
1989	22,051	1.5	0.59				
1990	22,551	2.3	0.56				
1991	24,107	6.9	0.56				
1992	51,646	114.2	0.96				
1993	48,697	(5.7)	0.70				
1994	48,292	(0.8)	0.60				
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				

† No revenue deposited to trust



Source: Susan Combs, Texas Comptroller

**DRIVER'S LICENSE FEES**  
**Revenue Object 3025**

**RATE & BASE**

*State:* \$24 for 6-year operator license, \$32 with motorcycle; \$60 for 5-year commercial license (CDL); \$10 duplicate license; \$120 non-resident CDL w/various expiration dates; \$20 temporary non-resident CDL expiring earlier of 60th day or other document expiration; \$10 occupational license valid 1 year; original operator and CDL issued to persons 85+ expire in 2 years; personal identification certificate \$15 or \$5 for person 60+

*Local:* None

*Federal:* None

*Major Exemptions:* Disabled veterans

**ADMINISTRATION**

*Agency:* Texas Department of Public Safety (DPS)

*No. of Fees Collected:* 6,603,620

*Payment Cycle:* Six-year renewal

*Due Date:* Renewals — on or before birthday of vehicle operator

*Remitted By:* Vehicle operators

**LEGAL CITATION(S)**

Texas Transportation Code, Title 7, Subtitle B, Chapter 521

**ENACTED**

44th Legislature (1935)

**RATE & 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.

**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

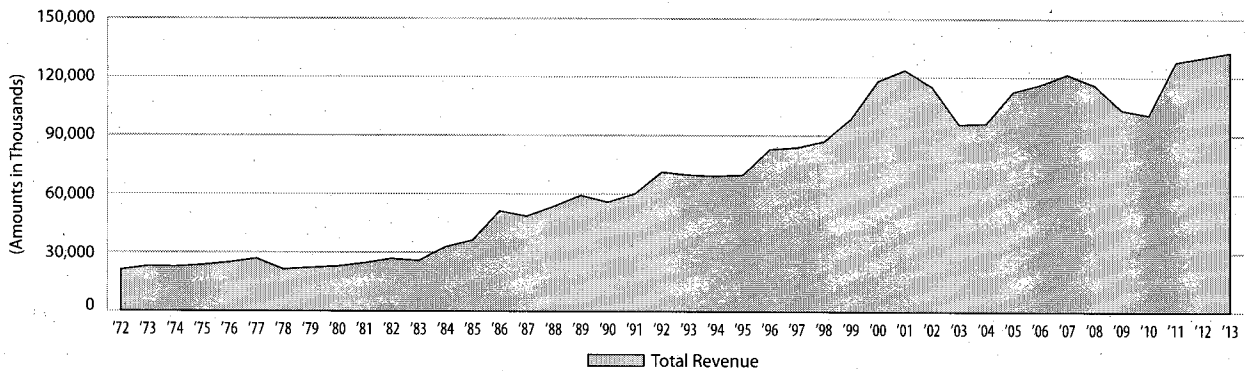


**DRIVER'S LICENSE FEES (concluded)**  
**Revenue Object 3025**

**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				
1987	48,547	(5.1)	1.39				
1988	53,542	10.3	1.52				
1989	59,190	10.5	1.60				
1990	55,771	(5.8)	1.37				
1991	59,969	7.5	1.39				
1992	71,259	18.8	1.32				
1993	69,743	(2.1)	1.01				
1994	69,217	(0.8)	0.86				
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: Susan Combs, Texas Comptroller

**SOURCES OF REVENUE**

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**DRIVER'S LICENSE POINT SURCHARGES**  
**Revenue Object 3024**

**RATE & BASE**

*State:* \$100 for the first six moving violation points and \$25 for each additional point; \$1,000 to \$2,000 per year surcharge on a DWI conviction; \$250 for invalid license; \$100 for driving without a license.

*Local:* None

*Federal:* None

*Major Exemptions:* None

**ADMINISTRATION**

*Agency:* Texas Department of Public Safety

*No. of Fees Collected:* 4,251,813

*Payment Cycle:* N/A

*Due Date:* Within 30 days of notification by DPS.

*Remitted By:* Offenders

**LEGAL CITATION(S)**

Transportation Code secs. 708.051, 708.052, 708.053, 708.054, 708.102, 708.103, 708.104.  
Health and Safety Code sec. 780.002.

**ENACTED**

2003 by HB 3588, 78th Leg., R.S. and HB 2, 78th Leg., 3rd C.S.

**RATE & BASE CHANGES**

**ALLOCATION**

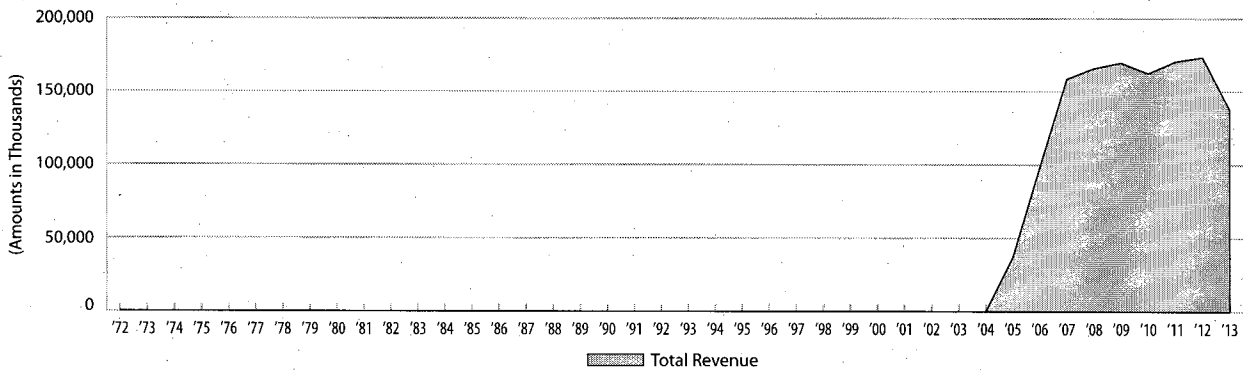
Designated Trauma Facility and EMS GR Account 5111—Since FY 2006, 50.5% of surcharges.  
Texas Mobility Fund 0365—Since FY 2006, 49.5% of surcharges.  
General Revenue Fund 0001—If over \$250 million in surcharges deposited to Fund 0365, excess deposited to Fund 0001.

**DRIVER'S LICENSE POINT SURCHARGES (concluded)**  
**Revenue Object 3024**

**NET COLLECTIONS**  
 (Amounts in Thousands)

Year	Total Revenue †	Percent Change	Percent of Other Revenue	Year	Total Revenue †	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	36,783	-	0.28
1978	0	-	0.00	2006	98,294	167.2	0.69
1979	0	-	0.00	2007	158,511	61.3	1.00
1980	0	-	0.00	2008	165,736	4.6	0.85
1981	0	-	0.00	2009	169,637	2.4	1.09
1982	0	-	0.00	2010	162,325	(4.3)	1.07
1983	0	-	0.00	2011	170,431	5.0	1.00
1984	0	-	0.00	2012	173,369	1.7	0.98
1985	0	-	0.00	2013	137,763	(20.5)	0.74
1986	0	-	0.00				
1987	0	-	0.00				
1988	0	-	0.00				
1989	0	-	0.00				
1990	0	-	0.00				
1991	0	-	0.00				
1992	0	-	0.00				
1993	0	-	0.00				
1994	0	-	0.00				
1995	0	-	0.00				
1996	0	-	0.00				
1997	0	-	0.00				
1998	0	-	0.00				
1999	0	-	0.00				

† No revenue deposited to trust



Source: Susan Combs, Texas Comptroller

## SOURCES OF REVENUE

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### FEES—ADMINISTRATIVE SERVICES Revenue Objects 3727

#### RATE & BASE

*State:* State agencies may collect fees to cover certain administrative costs. Fees vary depending on service and/or agency.

*Local:* None

*Federal:* None

*Major Exemptions:* None

#### ADMINISTRATION

*Agency:* Various

*No. of Fees Collected:* 2,060,851

*Payment Cycle:* N/A

*Due Date:* Various or as determined by the agency. Depending on the fee.

*Remitted By:* Licensees, individuals, businesses, government agencies and other entities.

#### LEGAL CITATION(S)

#### ENACTED

Various enactment dates depending on the fee.

#### RATE & BASE CHANGES

Various, depending on the fee.

#### ALLOCATION

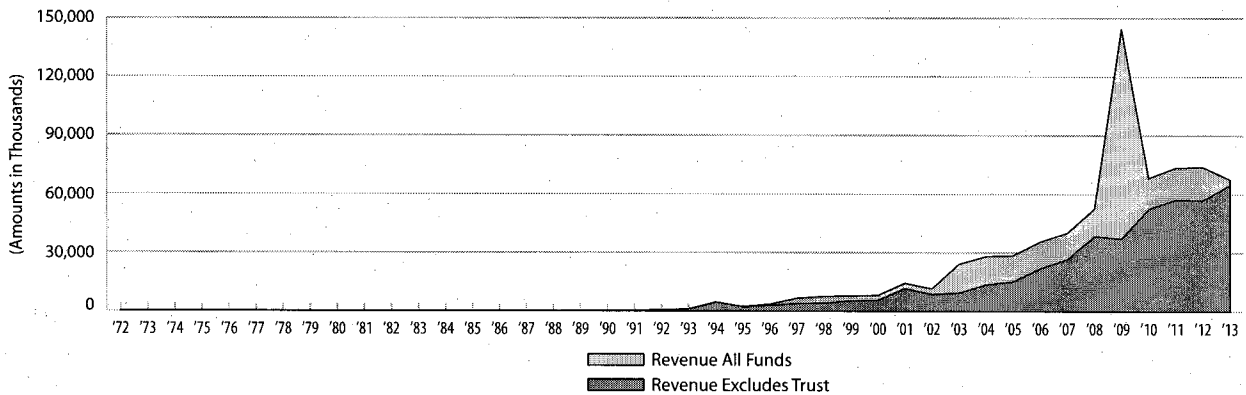
Various, depending on the fee.

**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	73,483	57,178	9.0	0.34
1984	31	31	(8.1)	0.00	2012	73,887	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					
1987	246	246	256.7	0.01					
1988	36	36	(85.2)	0.00					
1989	214	214	489.2	0.01					
1990	168	168	(21.4)	0.00					
1991	219	219	29.8	0.01					
1992	584	584	166.9	0.01					
1993	968	968	65.9	0.01					
1994	4,560	4,560	371.1	0.06					
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: Susan Combs, Texas Comptroller

## SOURCES OF REVENUE

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### FRANCHISE TAX Revenue Objects 3130, 3131 and 3804\*

#### RATE & BASE

<i>State:</i>	One 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 0.5% applies to businesses primarily engaged in retail and wholesale trade For filing year 2014, rates drop, temporarily, to 0.975 percent and 0.4875 percent, respectively
<i>Local:</i>	None
<i>Federal:</i>	None; a corporate income tax, however, is levied at marginal rates ranging from 15% to 39% 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, businesses with total revenue less than \$1 million

#### ADMINISTRATION

<i>Agency:</i>	Comptroller of Public Accounts
<i>Number of Taxpayers:</i>	925,000
<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 & BASE CHANGES

There were six rate increases and one rate reduction between 1938 and 1968

61st Legislature (1969) \$2.75 basic rate; tax rate on debt of \$2 in 1969 decreasing \$0.50 per year until reaching zero in 1973; surtax of \$0.50 in 1970 for an effective rate of \$3.25

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)

83rd Legislature (2013) Temporary tax rates for 2014 filing year of 0.975% for most taxpayers and 0.4875% for businesses in retail or wholesale trades; a fourth margin calculation of Total Revenue minus \$1 million is available (eff. 1/1/14)

#### ALLOCATION

General Revenue Fund 0001 — The revenue Comptroller estimates would have been generated if the law in effect on August 31, 2007 had continued in effect 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 in effect for that fiscal year

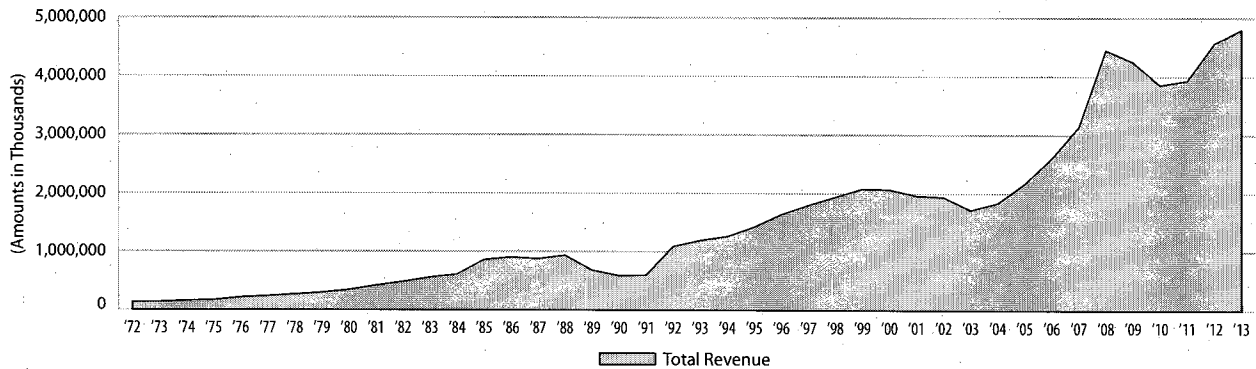
**FRANCHISE TAX (concluded)**  
**Revenue Objects 3130, 3131 and 3804\***

**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				
1987	875,129	(3.0)	8.52				
1988	933,628	6.7	7.55				
1989	680,760	(27.1)	5.27				
1990	587,556	(13.7)	4.31				
1991	598,342	1.8	4.01				
1992	1,090,050	82.2	6.88				
1993	1,192,825	9.4	7.01				
1994	1,260,749	5.7	6.96				
1995	1,423,441	12.9	7.55				
1996	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 this revenue source in calculating net collections. 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.

† No revenue deposited to trust



Source: Susan Combs, Texas Comptroller

## SOURCES OF REVENUE

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### GAME, FISH & EQUIPMENT FEES Revenue Object 3434

#### RATE & BASE

*State:* Various rates based on type and term of fee, ranging from \$7 for certain hunting licenses to \$1,800 for a lifetime combination hunting and fishing license

*Local:* None

*Federal:* None

*Major Exemptions:* Individuals aged 16 and under, 65 and older, and veterans

#### ADMINISTRATION

*Agency:* Texas Parks and Wildlife Department (TPWD)

*No. of Fees Collected:* N/A

*Payment Cycle:* Weekly

*Due Date:* Weekly remittance, with weekday chosen by agent

*Remitted by:* Agents (retailers) authorized by TPWD, certain law enforcement agencies and 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 & 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

Lifetime licenses: Lifetime License Endowment Account 0544

All other non-commercial game and fish fees: Game, Fish, and Water Safety Account 0009

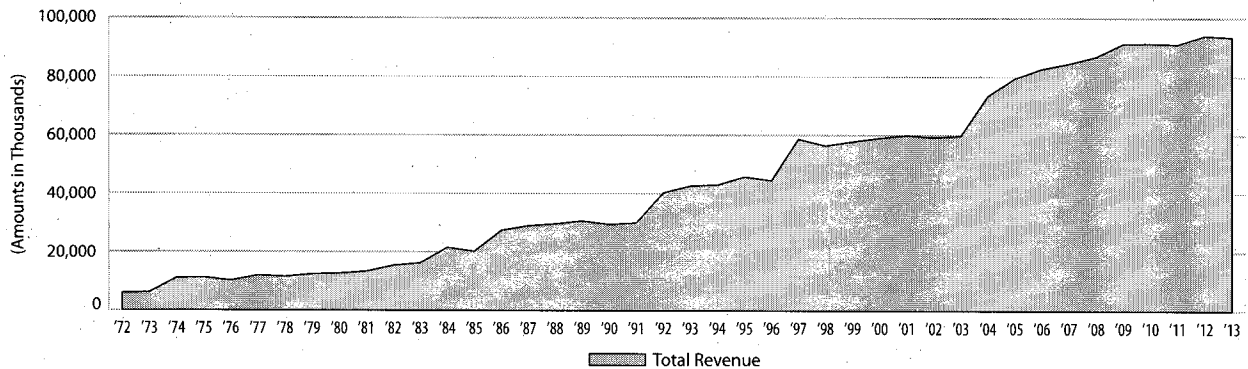


**GAME, FISH & EQUIPMENT FEES (concluded)**  
**Revenue Object 3434**

**NET COLLECTIONS**  
 (Amounts in Thousands)

Year	Total Revenue †	Percent Change	Percent of Other Revenue	Year	Total Revenue †	Percent Change	Percent of Other Revenue
1972	\$5,846	-	1.14	2000	\$59,013	2.1	10.41
1973	6,129	4.9	1.08	2001	59,930	1.6	8.68
1974	11,012	79.7	1.60	2002	59,254	(1.1)	7.59
1975	11,175	1.5	1.43	2003	59,808	0.9	6.62
1976	10,142	(9.2)	1.12	2004	73,436	22.8	6.77
1977	11,888	17.2	1.10	2005	79,437	8.2	6.45
1978	11,491	(3.3)	0.93	2006	82,691	4.1	6.27
1979	12,370	7.7	0.94	2007	84,485	2.2	4.96
1980	12,616	2.0	0.74	2008	86,866	2.8	4.06
1981	13,289	5.3	0.62	2009	91,261	5.1	3.88
1982	15,351	15.5	0.65	2010	91,338	0.1	4.10
1983	16,184	5.4	0.73	2011	91,071	(0.3)	3.64
1984	21,472	32.7	0.86	2012	93,994	3.2	3.16
1985	20,190	(6.0)	0.68	2013	93,523	(0.5)	2.30
1986	27,333	35.4	0.67				
1987	28,943	5.9	0.83				
1988	29,589	2.2	0.84				
1989	30,609	3.4	0.83				
1990	29,413	(3.9)	0.72				
1991	29,927	1.7	0.70				
1992	40,260	34.5	0.75				
1993	42,615	5.9	0.61				
1994	42,943	0.8	0.53				
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				

† No revenue deposited to trust



Source: Susan Combs, Texas Comptroller

## SOURCES OF REVENUE

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### GAS, ELECTRIC & WATER UTILITY TAX Revenue Object 3233\*

#### RATE & 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>	103
<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 & 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

Foundation School Fund 0193 — 25%  
General Revenue Fund 0001 — 75%

**GAS, ELECTRIC & WATER UTILITY TAX (concluded)**  
**Revenue Object 3233\***

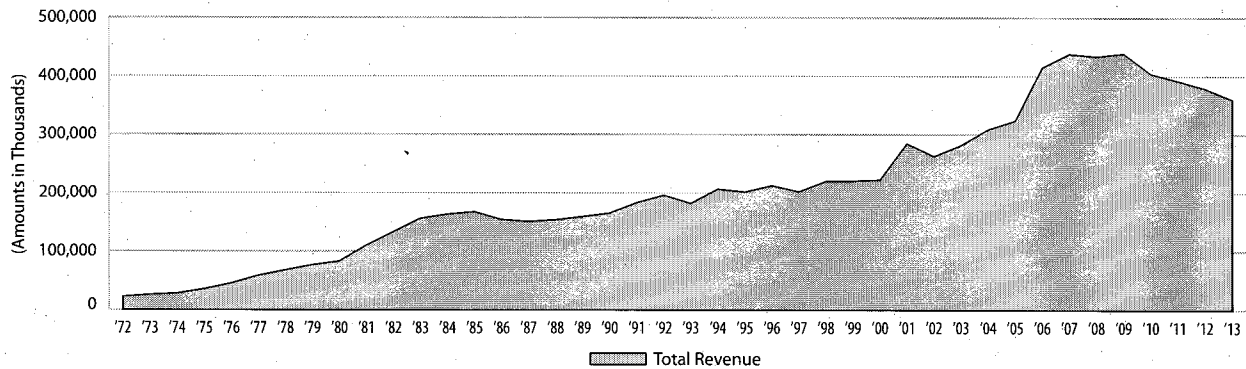
**NET COLLECTIONS**  
 (Amounts in Thousands)

Year	Total Revenue †	Percent Change	Percent of Taxes	Year	Total Revenue †	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				
1987	150,792	(2.1)	1.47				
1988	153,626	1.9	1.24				
1989	159,296	3.7	1.23				
1990	165,256	3.7	1.21				
1991	183,106	10.8	1.23				
1992 <sup>1</sup>	195,737	6.9	1.24				
1993 <sup>1</sup>	181,993	(7.0)	1.07				
1994	206,437	13.4	1.14				
1995	201,538	(2.4)	1.07				
1996 <sup>1</sup>	212,409	5.4	1.07				
1997 <sup>1</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

† No revenue deposited to trust

<sup>1</sup> These figures reflect adjustments for deposit and posting errors (see Public Utility Gross Receipts Assessment)



Source: Susan Combs, Texas Comptroller

## SOURCES OF REVENUE

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### GAS UTILITY PIPELINE TAX Revenue Object 3234

#### RATE & BASE

*State:* 0.5% of gross income (gross receipts less cost of natural gas sold) of natural gas utilities  
*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:* 148  
*Payment Cycle:* Quarterly  
*Due Date:* 20th day of the second month for 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 & 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**

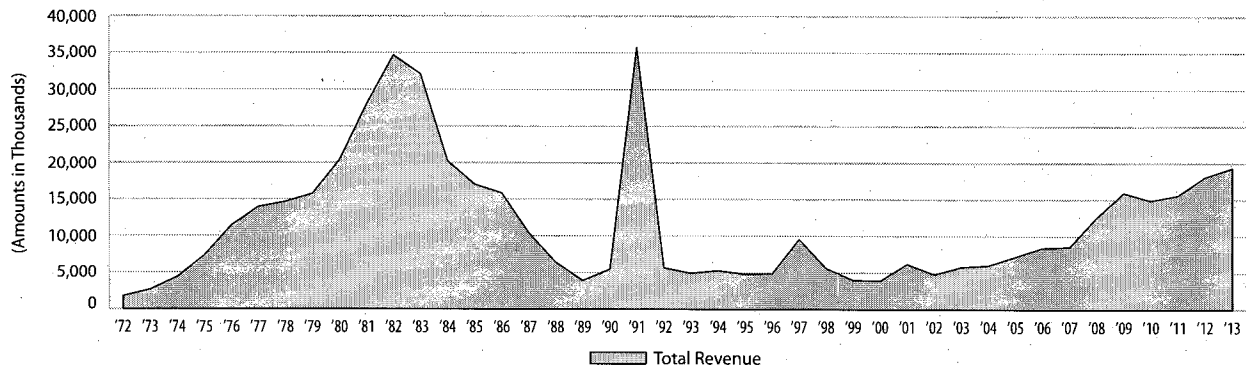
**NET COLLECTIONS**  
 (Amounts in Thousands)

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				
1987	10,418	(34.4)	0.10				
1988	6,389	(38.7)	0.05				
1989	3,911	(38.8)	0.03				
1990	5,469	39.8	0.04				
1991 <sup>1</sup>	35,713	553.0	0.24				
1992 <sup>1</sup>	5,660	(84.2)	0.04				
1993	4,917	(13.1)	0.03				
1994	5,276	7.3	0.03				
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: Susan Combs, Texas Comptroller

## SOURCES OF REVENUE

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### GASOLINE TAX Revenue Object 3007\*

#### RATE & 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; aircraft and aircraft servicing equipment; volunteer fire departments; gasoline leaving the state in the fuel supply tank of licensed commercial motor vehicles; 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; non-profit electric and telephone cooperatives organized under the Texas Utilities Code; and various off-road uses

#### ADMINISTRATION

<i>Agency:</i>	Comptroller of Public Accounts
<i>Number of Taxpayers:</i>	976
<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 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, 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 & 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 unclaimed motorboat fuel refunds, other non-highway use unclaimed refunds, and for enforcement:  
Available School Fund 0002 — 25% of balance  
State Highway Fund 0006 — 75% of balance, the first \$7.3 million of which is transferred to the County and Road District Highway Fund 0057

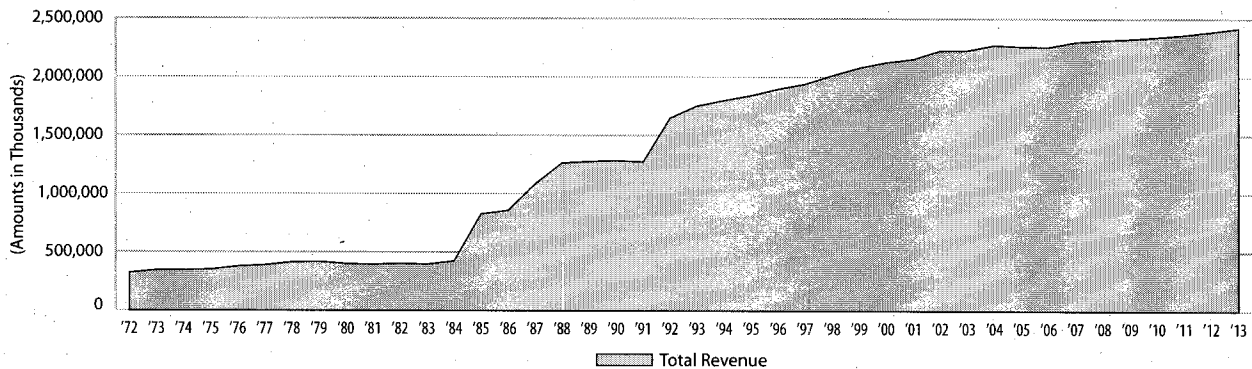
**GASOLINE TAX (concluded)**  
**Revenue Object 3007\***

**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				
1987	1,082,004	26.6	10.54				
1988	1,261,049	16.5	10.20				
1989	1,274,710	1.1	9.88				
1990	1,282,196	0.6	9.41				
1991	1,271,422	(0.8)	8.52				
1992	1,647,796	29.6	10.40				
1993	1,750,983	6.3	10.29				
1994	1,797,653	2.7	9.93				
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

† No revenue deposited to trust



Source: Susan Combs, Texas Comptroller

## SOURCES OF REVENUE

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### GENERAL BUSINESS FILING FEES

#### Revenue Object 3133

#### RATE & BASE

*State:* Various business filing fees imposed on domestic and foreign corporations, partnerships, professional associations, and other business entities

*Local:* None

*Federal:* None

*Major Exemptions:* None

#### ADMINISTRATION

*Agency:* Secretary of State and Governor's Office

*No. of Fees Collected:* 856,378

*Payment Cycle:* Various

*Due Date:* 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 & BASE CHANGES

The history of fee rate and base changes is too extensive to report in the space allotted; see Table 2 for major tax and fee legislation

#### ALLOCATION

General Revenue Fund 0001

State Highway Fund — 0006 for filing motor vehicle restitution liens.

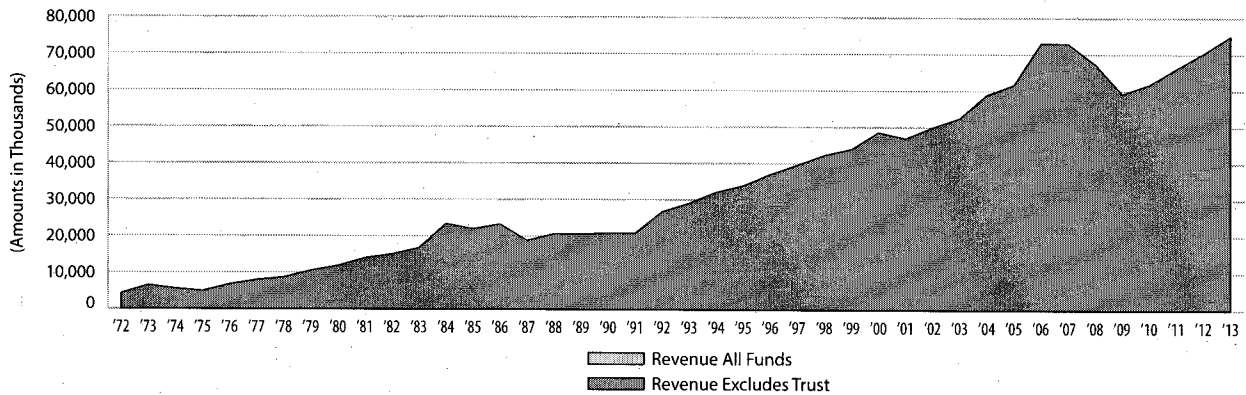
GR Account—Economic Development Bank—5106 for fees associated with the Texas Economic Development Bank.



**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					
1987	18,809	18,809	(19.1)	0.54					
1988	20,615	20,615	9.6	0.58					
1989	20,562	20,562	(0.3)	0.55					
1990	20,850	20,850	1.4	0.51					
1991	20,868	20,868	0.1	0.48					
1992	26,746	26,746	28.2	0.50					
1993	29,069	29,069	8.7	0.42					
1994	32,108	32,108	10.5	0.40					
1995	33,874	33,875	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: Susan Combs, Texas Comptroller

## SOURCES OF REVENUE

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### HEALTH CARE FACILITIES FEES Revenue Object 3557

#### RATE & BASE

<i>State:</i>	Fees for the operation of health care facilities varies depending on type of facility. Includes: adult (\$50 annual renewal); chemical dependency; nursing home (\$375 plus \$15 per bed); hospital (\$10 per bed maximum \$10,000); trauma (\$1 to \$3 per bed); 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 Aging and Disability Services, Department of Insurance, Texas Commission on Environmental Quality, Health and Human Services Commission
<i>No. of Fees Collected:</i>	10,889
<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 secs. 487.603, 531.078  
Health and Safety Code secs. 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 secs. 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 & 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.

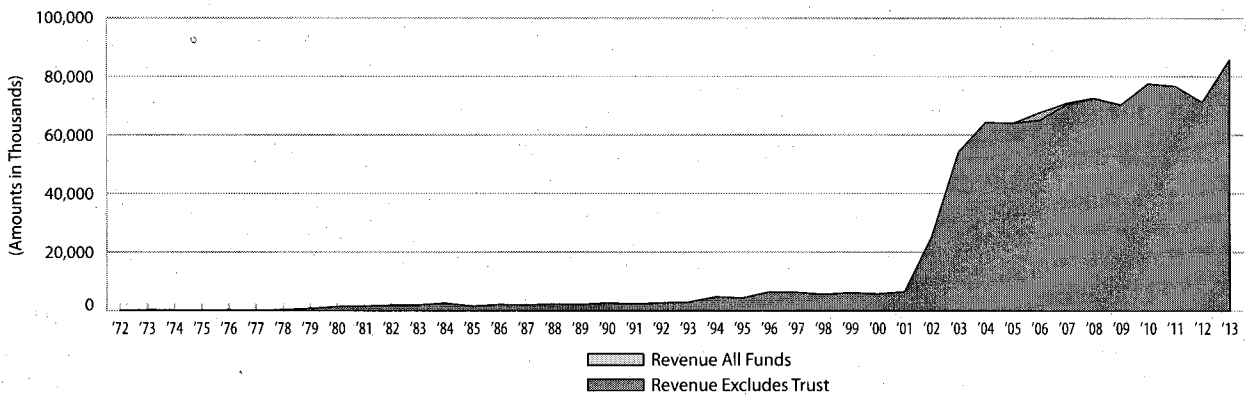
#### ALLOCATION

Nursing and Convalescent Home Trust Fund 0992  
Environmental Testing Laboratory Accreditation GR Account 5065  
Freestanding Emergency Medical Care Facility Licensing Fund 0373  
Home Health Services GR Account 5018  
Hospital Licensing GR Account 0129  
Quality Assurance GR Account 5080  
Certification of Mammography Systems GR Account 5021  
General Revenue Fund 0001

**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					
1987	1,892	1,892	(8.4)	0.05					
1988	2,256	2,256	19.3	0.06					
1989	2,099	2,099	(7.0)	0.06					
1990	2,622	2,622	24.9	0.06					
1991	2,299	2,299	(12.3)	0.05					
1992	2,644	2,644	15.0	0.05					
1993	2,851	2,851	7.8	0.04					
1994	4,686	4,686	64.4	0.06					
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					



Source: Susan Combs, Texas Comptroller

## SOURCES OF REVENUE

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### HEALTH RELATED PROFESSIONAL FEES Revenue Objects 3562 and 3572

#### RATE & BASE

*State:* Varies by agency and profession  
*Local:* None  
*Federal:* None  
*Major Exemptions:* None

#### ADMINISTRATION

*Agency:* See Appendix E-1  
*No. of Fees Collected:* 106,339  
*Payment Cycle:* Annual renewals (some biennial or multi-year renewals)  
*Due Date:* Staggered  
*Remitted By:* Licensed professionals

#### LEGAL CITATION(S)

See Appendix E-1

#### ENACTED

See Appendix E-1

#### RATE & 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

#### ALLOCATION

\$200 increases enacted by the 72nd and 78th Legislatures:

General Revenue Fund 0001 — 75%  
Foundation School Fund 0193 — 25%

All other professional fees:

General Revenue Fund 0001, various dedicated accounts and various local operating accounts outside the treasury.

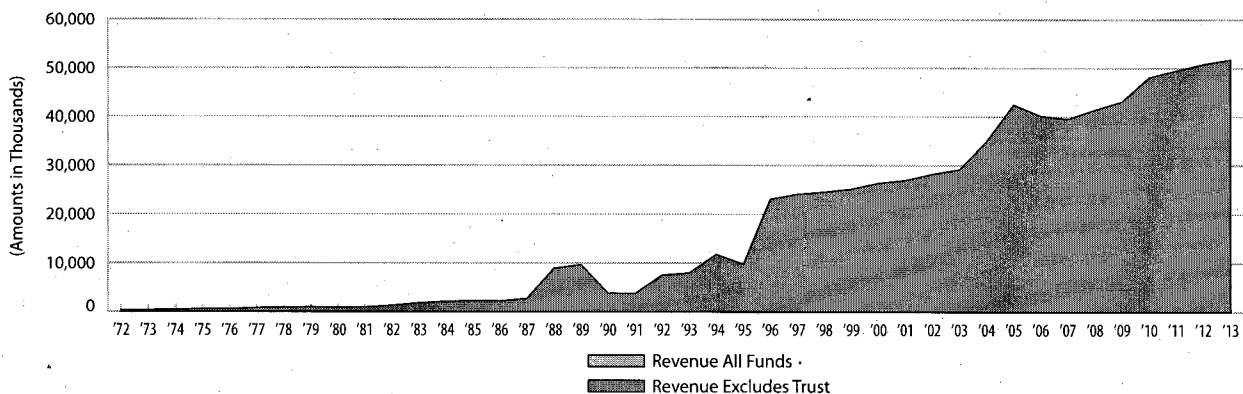
**HEALTH RELATED PROFESSIONAL FEES (concluded)**  
**Revenue Objects 3562 and 3572**

**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					
1987	2,729	2,729	24.1	0.08					
1988 <sup>1</sup>	8,897	8,897	225.9	0.25					
1989	9,652	9,652	8.5	0.26					
1990	3,817	3,817	(60.5)	0.09					
1991	3,758	3,758	(1.5)	0.09					
1992	7,532	7,532	100.4	0.14					
1993	7,968	7,968	5.8	0.11					
1994	11,768	11,768	47.7	0.15					
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



Source: Susan Combs, Texas Comptroller

## SOURCES OF REVENUE

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### HIGHER EDUCATION TUITION FEES—Non-Pledged Revenue Object 3505

#### RATE & BASE

<i>State:</i>	Unless specified differently, \$50 per semester credit hour for state resident undergraduate students. 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)
<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>	
<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 & 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

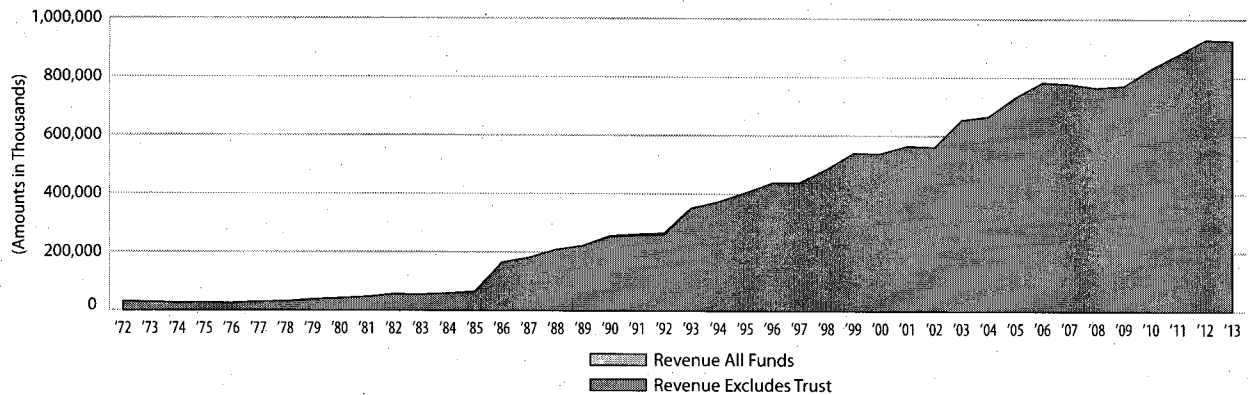
#### ALLOCATION

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					
1987	181,057	181,057	10.2	5.18					
1988	208,624	208,624	15.2	5.91					
1989	221,425	221,425	6.1	5.97					
1990	255,448	252,361	14.0	6.22					
1991	261,556	257,588	2.1	5.99					
1992	265,470	260,615	1.2	4.84					
1993	351,250	349,944	34.3	5.05					
1994	370,965	372,264	6.4	4.62					
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: Susan Combs, Texas Comptroller

## SOURCES OF REVENUE

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### HOTEL OCCUPANCY TAX Revenue Objects 3138 and 3139

#### RATE & BASE

<i>State:</i>	6% of the room rate paid by occupant
<i>Local:</i>	Cities — not to exceed 7% (9% in special cases); counties — not to exceed 7%; 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>	7,834
<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 & BASE CHANGES

68th Legislature (1984) 4% (eff. 10/2/84)
70th Legislature (1987) 6% (eff. 9/1/87)

#### ALLOCATION

General Revenue Fund 0001 — 91.67%
Hotel Occupancy Tax for Economic Development Account 5003 — 8.33%

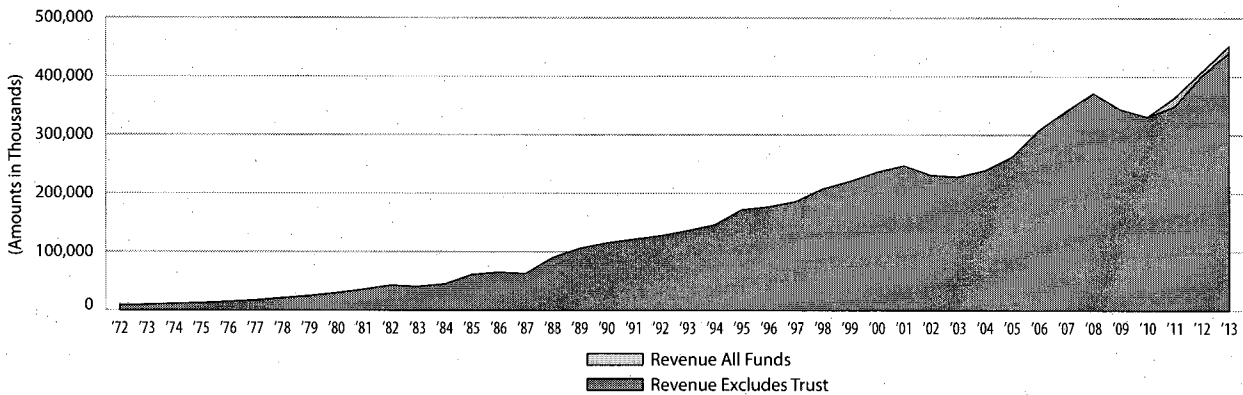


**HOTEL OCCUPANCY TAX (concluded)**  
**Revenue Objects 3138 and 3139**

**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					
1987	62,498	62,498	(3.6)	0.61					
1988	89,969	89,969	44.0	0.73					
1989	105,639	105,639	17.4	0.82					
1990	114,889	114,889	8.8	0.84					
1991	121,140	121,140	5.4	0.81					
1992	127,080	127,080	4.9	0.80					
1993	135,735	135,735	6.8	0.80					
1994	145,655	145,655	7.3	0.80					
1995	171,362	171,362	17.6	0.91					
1996	176,456	176,456	3.0	0.89					
1997	185,606	185,606	5.2	0.88					
1998	207,179	207,179	11.6	0.92					
1999	219,917	219,917	6.1	0.93					

<sup>1</sup> Starting in 2011, the Events Trust Fund, Major Events Trust Fund, Special Events Trust Fund and the Motor Sports and Racing Trust Fund started collection of alcoholic beverage taxes



Source: Susan Combs, Texas Comptroller

**INHERITANCE TAX**  
**Revenue Object 3110\***

**RATE & BASE**

*State:* None; federal law incrementally phased out the state's share of the federal tax until it was fully eliminated for deaths occurring in calendar 2005 and beyond.

*Local:* None

*Federal:* Tax imposed on estates with assets over \$3.5 million for deaths in calendar 2009; no federal tax in calendar 2010 and beyond.

*Major Exemptions:* None

**ADMINISTRATION**

*Agency:* Comptroller of Public Accounts

*Number of Taxpayers:* 81

*Payment Cycle:* None

*Due Date:* Within nine months of date of death

*Remitted By:* Estate of the deceased

**LEGAL CITATION(S)**

Texas Tax Code, §§ 211.051–211.056  
26 U.S.C. Section 2001, et. seq. (2001)

**ENACTED**

30th Legislature, 1st Called Session (1907) From 2 to 12% based on beneficiary relationships and amount of exemptions

**RATE & BASE CHANGES**

38th Legislature, 2nd Called Session (1923) 1 to 20% based on beneficiary relationships and amount of exemptions

65th Legislature, 2nd Called Session (1978) Exemptions for certain Class A beneficiaries

67th Legislature (1981) State tax is equal to maximum federal state death tax credit

105th U.S. Congress (1997-98) Federal estate value exemption gradually increases to \$1 million by 2006

107th U.S. Congress (2001-02) Supersedes prior law; eliminates federal estate tax by 2010; gradually raises federal estate value exemption and lowers the tax rates; eliminates state death tax credit by 2005

**ALLOCATION**

General Revenue Fund 0001 — 100%

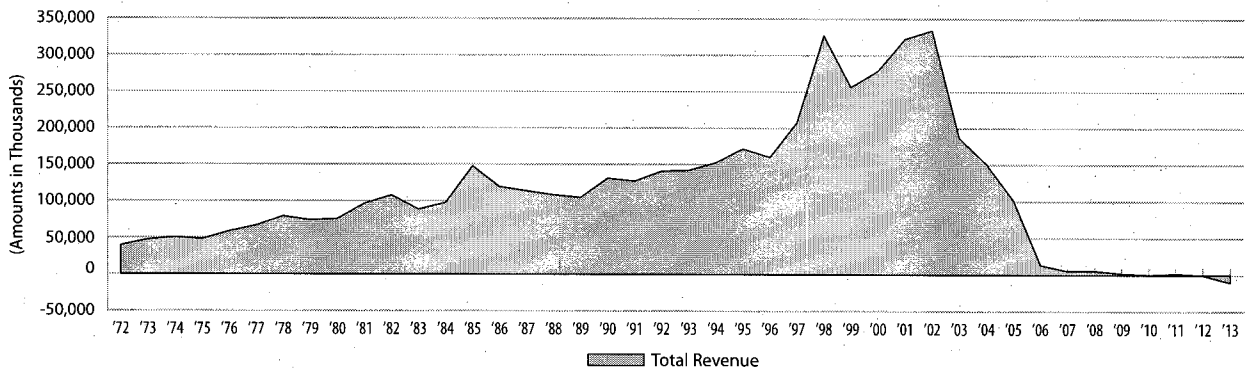
**INHERITANCE TAX (concluded)**  
**Revenue Object 3110\***

**NET COLLECTIONS**  
 (Amounts in Thousands)

Year	Total Revenue †	Percent Change	Percent of Taxes	Year	Total Revenue †	Percent Change	Percent of Taxes
1972	\$39,308	-	1.68	2000	\$278,486	8.7	1.10
1973	47,109	19.8	1.82	2001	322,355	15.8	1.18
1974	50,203	6.6	1.66	2002	334,191	3.7	1.27
1975	47,868	(4.7)	1.42	2003	186,844	(44.1)	0.72
1976	58,373	21.9	1.49	2004	151,131	(19.1)	0.54
1977	66,568	14.0	1.51	2005	101,674	(32.7)	0.34
1978	79,114	18.8	1.57	2006	13,360	(86.9)	0.04
1979	73,748	(6.8)	1.37	2007	5,291	(60.4)	0.01
1980	75,589	2.5	1.19	2008	5,580	5.5	0.01
1981	96,360	27.5	1.24	2009	2,004	(64.1)	0.01
1982	107,849	11.9	1.25	2010	81	(95.9)	0.00
1983	88,396	(18.0)	1.04	2011	1,807	2,117.9	0.00
1984	97,543	10.3	1.05	2012	(484)	(126.8)	0.00
1985	147,690	51.4	1.38	2013	(10,293)	2,028.7	(0.02)
1986	119,457	(19.1)	1.17				
1987	113,742	(4.8)	1.11				
1988	108,410	(4.7)	0.88				
1989	104,880	(3.3)	0.81				
1990	131,149	25.0	0.96				
1991	127,225	(3.0)	0.85				
1992	141,007	10.8	0.89				
1993	142,201	0.8	0.84				
1994	152,354	7.1	0.84				
1995	171,606	12.6	0.91				
1996	160,143	(6.7)	0.81				
1997	207,589	29.6	0.98				
1998	326,820	57.4	1.44				
1999	256,277	(21.6)	1.09				

\* Revenue object code 3665 (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: Susan Combs, Texas Comptroller

## SOURCES OF REVENUE

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### INSURANCE MAINTENANCE TAXES — DEPARTMENT OF INSURANCE Revenue Object 3203\*

#### RATE & 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>	2,752
<i>Payment Cycle:</i>	Annually
<i>Due Date:</i>	March 1st
<i>Remitted By:</i>	Insurance companies, HMOs, burial associations, prepaid 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 & 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

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

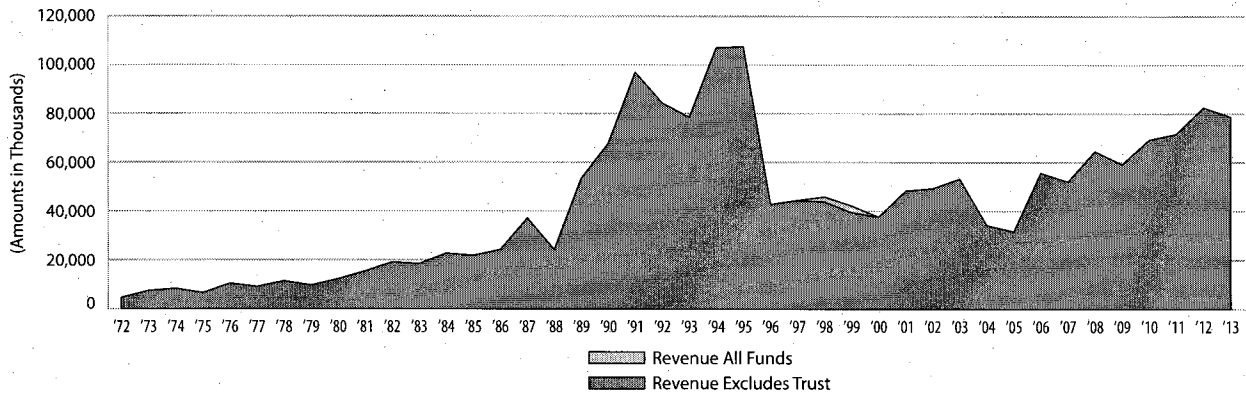
Department of Insurance Operating Account 0036 — 100%

**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					
1987	37,082	37,082	53.4	0.36					
1988	24,188	24,188	(34.8)	0.20					
1989	53,372	53,372	120.6	0.41					
1990	67,751	67,751	26.9	0.50					
1991	96,901	96,901	43.0	0.65					
1992	84,293	84,293	(13.0)	0.53					
1993	78,447	78,447	(6.9)	0.46					
1994	107,009	107,009	36.4	0.59					
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: Susan Combs, Texas Comptroller

**SOURCES OF REVENUE**

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**INSURANCE MAINTENANCE TAX — WORKERS' COMPENSATION DIVISION  
AND OFFICE OF INJURED EMPLOYEE COUNSEL  
Revenue Object 3219**

**RATE & BASE**

*State:* 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

*Local:* None

*Federal:* None

*Major Exemptions:* None

**ADMINISTRATION**

*Agency:* Comptroller of Public Accounts

*Number of Taxpayers:* 287 insurance companies and 6 self-insurers

*Payment Cycle:* Annually

*Due Date:* March 1st — for policies issued in the preceding calendar year (insurance companies); 60th day following initial certification or annual renewal (self-insurers)

*Remitted By:* 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 & 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**

Department of Insurance Operating Account 0036 — 100%

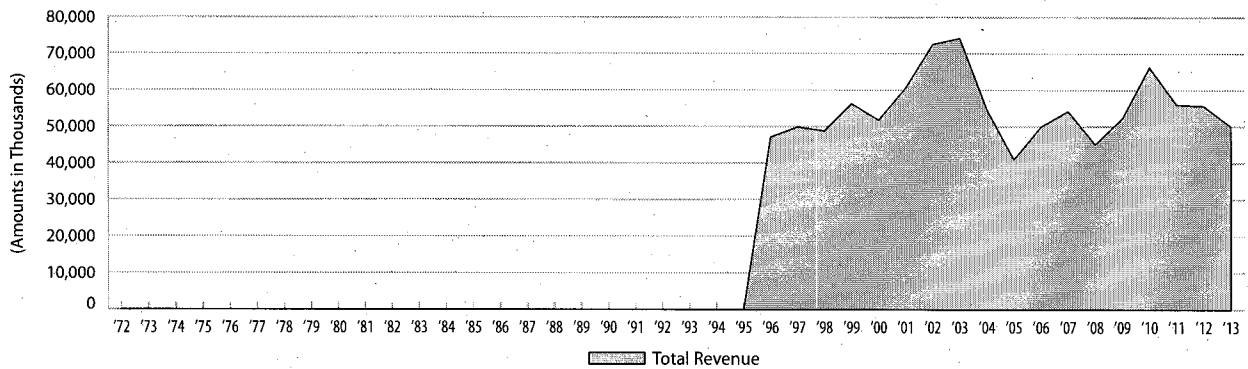
**INSURANCE MAINTENANCE TAX — WORKERS' COMPENSATION DIVISION  
AND OFFICE OF INJURED EMPLOYEE COUNSEL (concluded)  
Revenue Object 3219**

**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				
1987	0	-	0.00				
1988	0	-	0.00				
1989	0	-	0.00				
1990	0	-	0.00				
1991	0	-	0.00				
1992	0	-	0.00				
1993	0	-	0.00				
1994	0	-	0.00				
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 in object code 3203.



Source: Susan Combs, Texas Comptroller

**INSURANCE PREMIUM TAXES**

**Revenue Object 3201\***

**RATE & 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 — 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, crop insurance premiums reinsured by the Federal Crop Insurance Corporation (FCIC)

**ADMINISTRATION**

*Agency:* Comptroller of Public Accounts

*Number of Taxpayers:* 10596

*Payment Cycle:* Estimated liability prepaid semiannually; annual report filed March 1st for actual premium tax

*Due Date:* Tax reports: Annually — March 1st  
Payments: semiannually — March 1st and August 1st

*Remitted By:* Insurance companies, Health Maintenance Organizations (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, CAPCO premium tax credits for 2009-12  
80th Legislature (2007) CAPCO premium tax credits for 2013-2016  
83rd Legislature (2013) Captive insurance companies

**RATE & BASE CHANGES**

See Appendix F

**ALLOCATION**

Foundation School Fund 0193 — 25%  
General Revenue Fund 0001 — 75%



**INSURANCE PREMIUM TAXES** (concluded)  
**Revenue Object 3201\***

**NET COLLECTIONS**  
 (Amounts in Thousands)

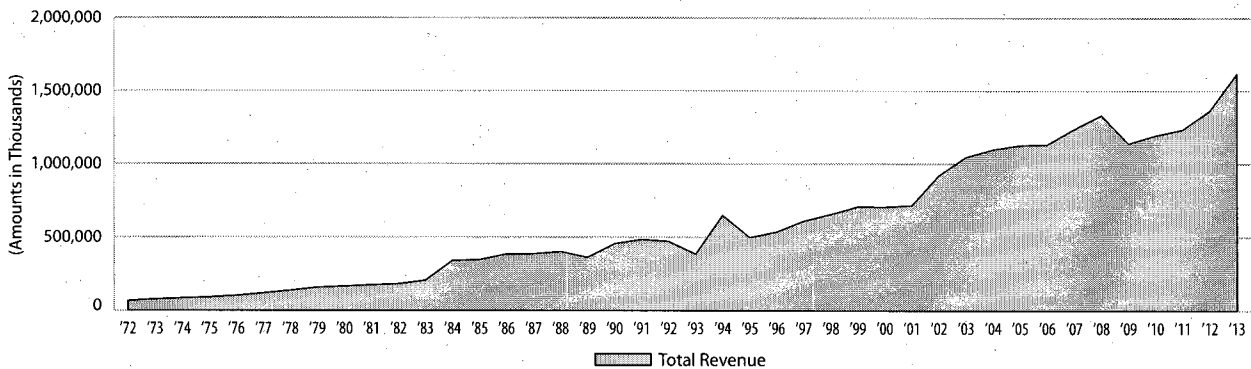
Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Taxes	Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Taxes
1972	\$65,854	-	2.81	2000	\$706,000	(0.2)	2.79
1973	76,382	16.0	2.96	2001	716,169	1.4	2.63
1974	83,414	9.2	2.76	2002	920,367	28.5	3.50
1975	90,795	8.8	2.69	2003	1,045,413	13.6	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				
1987	386,175	0.4	3.76				
1988	401,134	3.9	3.24				
1989	361,936	(9.8)	2.80				
1990	455,285	25.8	3.34				
1991	484,583	6.4	3.25				
1992	470,931	(2.8)	2.97				
1993 <sup>1</sup>	384,530	(18.3)	2.26				
1994 <sup>1</sup>	649,054	68.8	3.58				
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: Susan Combs, Texas Comptroller

## SOURCES OF REVENUE

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### LIQUEFIED GAS TAX Revenue Object 3009

#### RATE & BASE

*State:* 15 cents per gallon  
*Local:* None  
*Federal:* \$0.183 per gallon — liquefied petroleum gas  
\$0.183 per gallon — compressed natural gas  
\$0.243 per gallon — liquefied natural gas  
*Major Exemptions:* Federal government; agricultural, industrial and commercial uses; for licensed interstate truckers, liquefied gas used in another state if the tax was initially paid to Texas; school districts, commercial transportation companies and/or certain metropolitan rapid transit authorities providing public school transportation services to a Texas public school district, non-profit electric and telephone cooperatives organized under the Utilities Code; Texas counties and various off-road uses

#### ADMINISTRATION

*Agency:* Comptroller of Public Accounts  
*Number of Taxpayers:* 1,740  
*Payment Cycle:* Licensed dealers, prepaid tax decal holders and interstate truckers except International Fuel Tax Agreement (IFTA) licensees — quarterly; Interstate truckers (except IFTA licensed) — quarterly or yearly if qualified  
*Due Date:* January 25th for previous calendar year; prepaid tax decal holders — staggered due dates  
*Remitted By:* Licensed dealers, prepaid tax decal holders, interstate truckers, and IFTA licensees

#### LEGAL CITATION(S)

Texas Tax Code, §§ 162.301, 162.3021, 162.304–162.306, 162.310

#### ENACTED

47th Legislature (1941) 4 cents per gallon

#### RATE & BASE CHANGES

54th Legislature (1955) 5 cents per gallon  
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)  
71st Legislature (1989) Adjusted decal rate schedule (eff. 9/1/89)  
83rd Legislature (2013) Added a separate category for compressed natural gas (previously taxed as LNG)

#### ALLOCATION

After deductions for enforcement:  
Available School Fund 0002 — 25% of balance  
State Highway Fund 0006 — 75% of balance

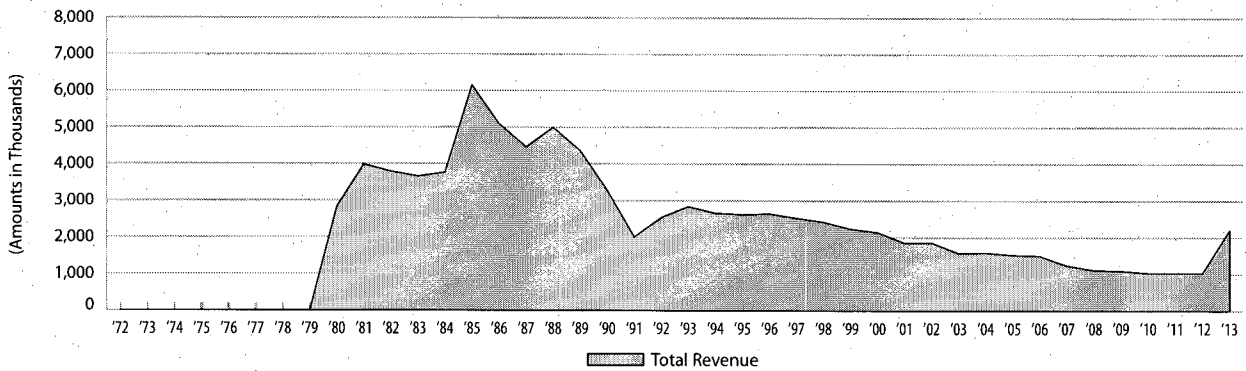
**LIQUEFIED GAS TAX (concluded)**  
**Revenue Object 3009**

**NET COLLECTIONS**  
 (Amounts in Thousands)

Year	Total Revenue †	Percent Change	Percent of Taxes	Year	Total Revenue †	Percent Change	Percent of Taxes
1972 <sup>1</sup>	\$0	-	0.00	2000	\$2,137	(4.2)	0.01
1973	0	-	0.00	2001	1,853	(13.3)	0.01
1974	0	-	0.00	2002	1,858	0.3	0.01
1975	0	-	0.00	2003	1,572	(15.4)	0.01
1976	0	-	0.00	2004	1,586	0.9	0.01
1977	0	-	0.00	2005	1,523	(3.9)	0.01
1978	0	-	0.00	2006	1,499	(1.6)	0.00
1979	0	-	0.00	2007	1,242	(17.1)	0.00
1980	2,820	-	0.04	2008	1,114	(10.4)	0.00
1981	3,979	41.1	0.05	2009	1,094	(1.7)	0.00
1982	3,790	(4.8)	0.04	2010	1,033	(5.6)	0.00
1983	3,655	(3.6)	0.04	2011	1,032	(0.1)	0.00
1984	3,762	2.9	0.04	2012	1,030	(0.2)	0.00
1985	6,149	63.4	0.06	2013	2,202	113.8	0.00
1986	5,091	(17.2)	0.05				
1987	4,460	(12.4)	0.04				
1988	4,992	11.9	0.04				
1989	4,360	(12.7)	0.03				
1990	3,278	(24.8)	0.02				
1991	2,004	(38.9)	0.01				
1992	2,539	26.7	0.02				
1993	2,834	11.6	0.02				
1994	2,658	(6.2)	0.01				
1995	2,617	(1.5)	0.01				
1996	2,643	1.0	0.01				
1997	2,525	(4.4)	0.01				
1998	2,422	(4.1)	0.01				
1999	2,231	(7.9)	0.01				

† No revenue deposited to trust

<sup>1</sup> Before 1980, liquefied gas tax receipts were deposited under object code 3008 for the diesel fuel tax.



Source: Susan Combs, Texas Comptroller

## SOURCES OF REVENUE

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### LIQUOR TAX Revenue Object 3253

#### RATE & 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:* 144  
*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)

#### ENACTED

44th Legislature (1935) \$0.80 per gallon

#### RATE & 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. 10/2/84)

#### ALLOCATION

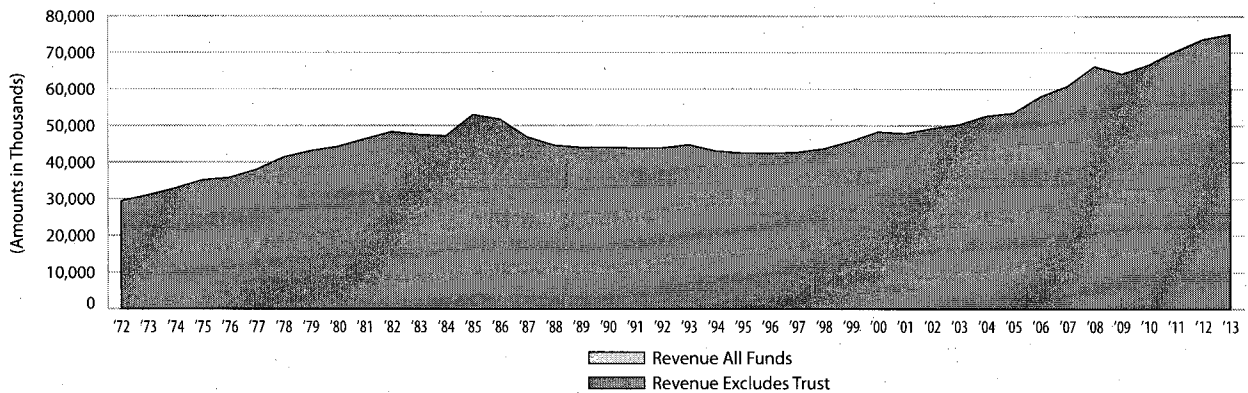
General Revenue Fund 0001 — 100%

**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					
1987	46,906	46,906	(9.3)	0.46					
1988	44,647	44,647	(4.8)	0.36					
1989	44,042	44,042	(1.4)	0.34					
1990	44,097	44,097	0.1	0.32					
1991	43,857	43,857	(0.5)	0.29					
1992	43,918	43,918	0.1	0.28					
1993	44,795	44,795	2.0	0.26					
1994	43,079	43,079	(3.8)	0.24					
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 Trust Fund, Special Events Trust Fund and the Motor Sports and Racing Trust Fund started collection of alcoholic beverage taxes



Source: Susan Combs, Texas Comptroller

## SOURCES OF REVENUE

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### LOTTERY PROCEEDS Transfer Object 3922 and 3963

#### RATE & BASE

*State:* \$1 per Lotto ticket; \$1 to \$50 per instant game ticket; \$0.50 to \$5 per ticket for other games  
*Local:* None  
*Federal:* None  
*Major Exemptions:* None

#### ADMINISTRATION

*Agency:* Texas Lottery Commission  
*Number of Retailers:* 16,981  
*Payment Cycle:* Weekly  
*Due Date:* Each Wednesday  
*Remitted By:* Retailers

#### LEGAL CITATION(S)

Texas Government Code, Chapters 466 and 467

#### ENACTED

72nd Legislature, 1st C.S. (1991)

#### RATE & BASE CHANGES

None

#### ALLOCATION

Average allocations from gross lottery proceeds:

Prizes — 64%

Administration and unclaimed prizes — 5% (7% legal cap)

Retailer commissions and bonuses — 5%

Foundation School Fund 0193 — 25%

Unclaimed Prizes — 1%

Unclaimed prize money (up to \$20 million) appropriated to GR Account 5049—State Owned Multicategorical Teaching Hospital; 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 General Revenue Fund 0001

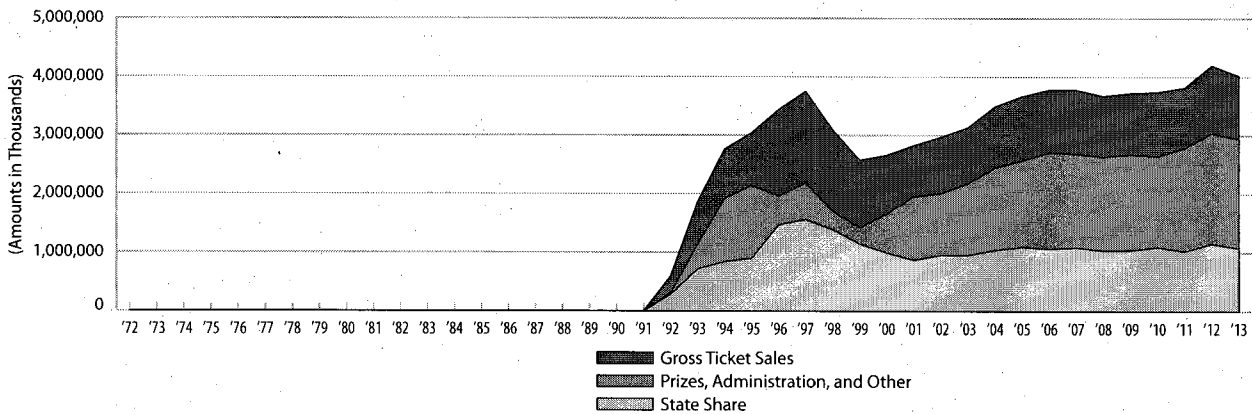
A special instant lottery game is dedicated to veterans' assistance and deposited to Fund for Veterans Assistance 0368.

**LOTTERY PROCEEDS** (concluded)  
**Transfer Object 3922 and 3963**

**NET COLLECTIONS**  
 (Amounts in Thousands)

Year	State Share	Prizes, Administration, and Other	Gross Ticket Sales	Percent Change	Percent of Other Revenue	Year	State Share	Prizes, Administration, 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	27.22
1973	0	0	0	-	0.00	2001	872,791	1,952,507	2,825,298	6.3	26.71
1974	0	0	0	-	0.00	2002	956,587	2,009,675	2,966,262	5.0	27.54
1975	0	0	0	-	0.00	2003	955,186	2,175,507	3,130,693	5.5	27.93
1976	0	0	0	-	0.00	2004	1,044,135	2,443,789	3,487,925	11.4	28.54
1977	0	0	0	-	0.00	2005	1,096,823	2,565,640	3,662,463	5.0	27.83
1978	0	0	0	-	0.00	2006	1,066,138	2,708,548	3,774,686	3.1	26.68
1979	0	0	0	-	0.00	2007	1,089,393	2,684,786	3,774,179	(0.0)	23.80
1980	0	0	0	-	0.00	2008	1,036,682	2,634,796	3,671,478	(2.7)	18.94
1981	0	0	0	-	0.00	2009	1,043,494	2,676,620	3,720,114	1.3	23.84
1982	0	0	0	-	0.00	2010	1,094,623	2,643,747	3,738,369	0.5	24.71
1983	0	0	0	-	0.00	2011	1,025,094	2,786,176	3,811,270	2.0	22.44
1984	0	0	0	-	0.00	2012	1,153,561	3,037,255	4,190,816	10.0	23.73
1985	0	0	0	-	0.00	2013	1,079,722	2,937,069	4,016,791	(4.2)	21.44
1986	0	0	0	-	0.00						
1987	0	0	0	-	0.00						
1988	0	0	0	-	0.00						
1989	0	0	0	-	0.00						
1990	0	0	0	-	0.00						
1991	0	0	0	-	0.00						
1992 <sup>1</sup>	284,277	307,294	591,571	-	10.99						
1993	716,546	1,139,545	1,856,091	213.8	26.78						
1994	842,083	1,918,135	2,760,217	48.7	34.29						
1995	899,061	2,137,457	3,036,517	10.0	36.08						
1996	1,470,375	1,961,934	3,432,309	13.0	37.85						
1997	1,562,073	2,183,396	3,745,469	9.1	40.13						
1998	1,389,446	1,700,586	3,090,032	(17.5)	33.47						
1999	1,146,962	1,424,638	2,571,600	(16.8)	24.66						

<sup>1</sup> Partial year: instant game ticket sales began May 29, 1992



Source: Susan Combs, Texas Comptroller

## SOURCES OF REVENUE

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### MALT LIQUOR (ALE) TAX Revenue Object 3265

#### RATE & 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:* 368  
*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 & BASE CHANGES

52nd Legislature (1951) \$0.165 per gallon  
68th Legislature (1984) \$0.198 per gallon (eff. 10/02/84)

#### ALLOCATION

General Revenue Fund 0001 — 100%

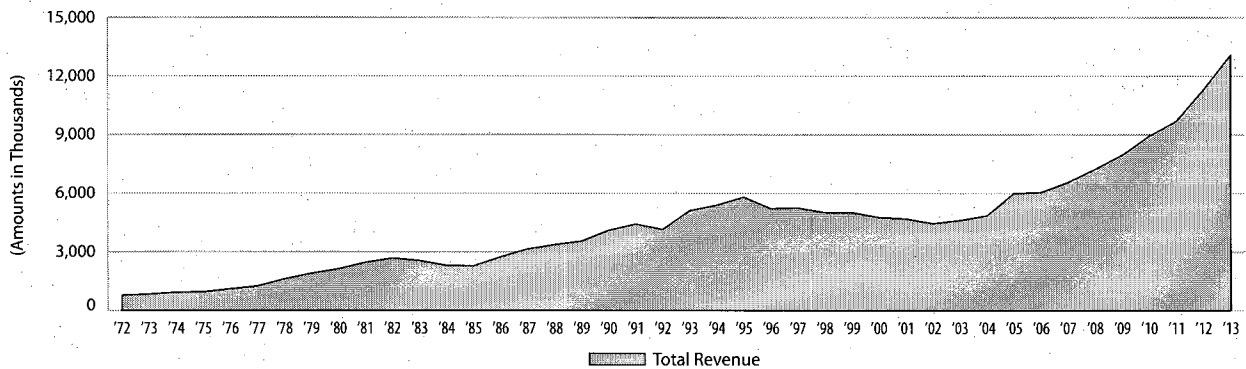


**MALT LIQUOR (ALE) TAX (concluded)**  
**Revenue Object 3265**

**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				
1987	3,141	14.6	0.03				
1988	3,366	7.1	0.03				
1989	3,548	5.4	0.03				
1990	4,096	15.4	0.03				
1991	4,420	7.9	0.03				
1992	4,148	(6.2)	0.03				
1993	5,112	23.3	0.03				
1994	5,390	5.4	0.03				
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				

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



Source: Susan Combs, Texas Comptroller

## SOURCES OF REVENUE

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### MANUFACTURED HOUSING SALES AND USE TAX Revenue Object 3104

#### RATE & BASE

*State:* 5% of 65% or .0325 of sales price on the initial sale or use of a new manufactured home  
*Local:* None  
*Federal:* None  
*Major Exemptions:* Sales to governments, certain non-profit entities

#### ADMINISTRATION

*Agency:* Comptroller of Public Accounts  
*Number of Taxpayers:* 24  
*Payment Cycle:* Monthly  
*Due Date:* On or before the last day of the month for the preceding month  
*Remitted By:* 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 3/1/82 to 8/31/83; 5% of 65%, beginning 9/1/83

#### RATE & BASE CHANGES

None

#### ALLOCATION

General Revenue Fund 0001 — 100%

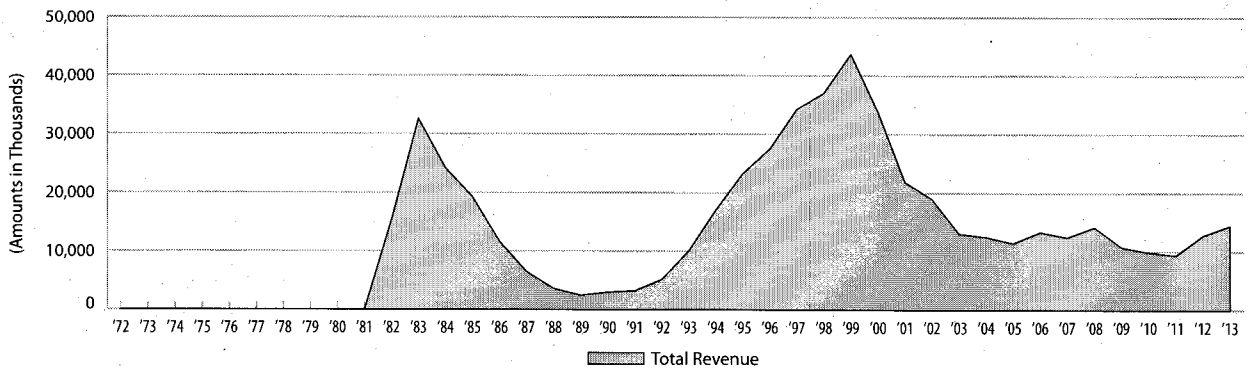
**MANUFACTURED HOUSING SALES AND USE TAX (concluded)**  
**Revenue Object 3104**

**NET COLLECTIONS**  
 (Amounts in Thousands)

Year	Total Revenue †	Percent Change	Percent of Taxes	Year	Total Revenue †	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>1</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				
1987	6,480	(44.3)	0.06				
1988	3,588	(44.6)	0.03				
1989	2,439	(32.0)	0.02				
1990	2,966	21.6	0.02				
1991	3,205	8.0	0.02				
1992	5,151	60.7	0.03				
1993	10,056	95.2	0.06				
1994	17,034	69.4	0.09				
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				

† No revenue deposited to trust

<sup>1</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: Susan Combs, Texas Comptroller

## SOURCES OF REVENUE

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### MEDICAL EXAM & REGISTRATION FEES Revenue Object 3560

#### RATE & BASE

*State:* Examination and registration fees for doctors; nurses; EMS; radiologic techs; midwives; perfusionists; respiratory care practitioners. Fees vary depending on occupation and initial or renewal application.

*Local:* None

*Federal:* None

*Major Exemptions:* None

#### ADMINISTRATION

*Agency:* Texas Medical Board, Department of State Health Services, Department of Aging and Disability Services.

*No. of Fees Collected:* 271,938

*Payment Cycle:* N/A

*Due Date:* Biennially, or as determined by the appropriate agency.

*Remitted By:* Licensees.

#### LEGAL CITATION(S)

Health and Safety Code, secs. 142.026, 242.610, 242.611, 773.050(c), 773.052, 773.054, 773.055, 773.056, 773.057, 773.0572, 773.060, 773.061(c), 773.0611.

Occupations Code, secs. 153.007, 153.051, 153.053, 153.054, 155.006, 155.104, 155.106, 156.001, 156.005, 156.009, 162.053, 162.104, 162.107, 162.161, 162.203, 167.011, 203.152, 203.452, 301.155, 301.252, 301.253, 301.258, 301.259, 301.260, 301.261, 301.262, 301.301, 301.302, 301.303, 301.604, 601.057, 601.103, 603.154, 603.301, 604.053.

#### ENACTED

Various, depending on fee.

#### RATE & 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 EMS certification fees.

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 emergency medical services 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.

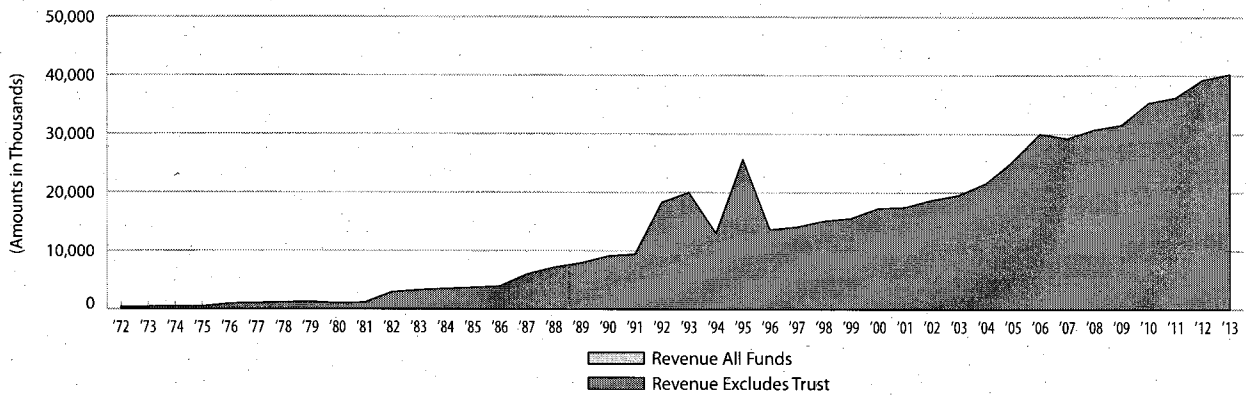
#### ALLOCATION

General Revenue Fund 0001  
Bureau of Emergency Management GR Account 0512 for EMS fee.

**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					
1987	5,993	5,993	52.3	0.17					
1988	7,175	7,175	19.7	0.20					
1989	7,917	7,917	10.3	0.21					
1990	9,107	9,107	15.0	0.22					
1991	9,432	9,432	3.6	0.22					
1992	18,320	18,320	94.2	0.34					
1993	19,993	19,993	9.1	0.29					
1994	13,030	13,030	(34.8)	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: Susan Combs, Texas Comptroller

## SOURCES OF REVENUE

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### MIXED BEVERAGE TAX Revenue Object 3250\*

#### RATE & BASE

*State:* 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  
Plus an 8.25% mixed beverage sales tax

*Local:* Counties and cities each receive 10.7143% of total collections within jurisdiction

*Federal:* None

*Major Exemptions:* None

#### ADMINISTRATION

*Agency:* Comptroller of Public Accounts

*Number of Taxpayers:* 13,395

*Payment Cycle:* Monthly

*Due Date:* 20th day of the month for the preceding month

*Remitted by:* Permitted sellers of mixed drinks

#### LEGAL CITATION(S)

Texas Tax Code, § 183.021

#### ENACTED

62nd Legislature (1971) 10%

#### RATE & BASE CHANGES

68th Legislature (1984) 12% (eff. 10/2/84)  
71st Legislature (1990) 14% (eff. 7/1/90)  
83rd Legislature (2013) Lowered gross receipts tax to 6.7% and added an 8.25% mixed beverage sales tax (eff. 1/1/14)

#### ALLOCATION

General Revenue Fund 0001:  
10.7143% for allocations to counties  
10.7143% for allocations to cities  
Remaining balance — Undedicated General Revenue

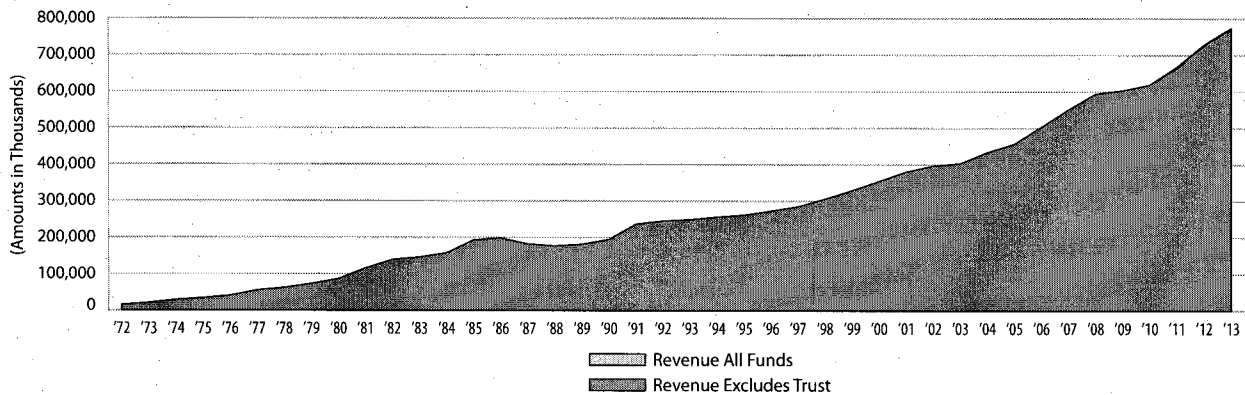
**MIXED BEVERAGE TAX (concluded)**  
**Revenue Object 3250\***

**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					
1987	182,261	182,261	(8.0)	1.78					
1988	177,042	177,042	(2.9)	1.43					
1989	181,505	181,505	2.5	1.41					
1990	194,880	194,880	7.4	1.43					
1991	236,645	236,645	21.4	1.59					
1992	245,199	245,199	3.6	1.55					
1993	249,073	249,073	1.6	1.46					
1994	256,072	256,091	2.8	1.41					
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 this revenue source in calculating net collections

<sup>1</sup> Starting in 2011, the Events Trust Fund, Major Events Trust Fund, Special Events Trust Fund and the Motor Sports and Racing Trust Fund started collection of alcoholic beverage taxes



Source: Susan Combs, Texas Comptroller

## SOURCES OF REVENUE

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### MOTOR VEHICLE CERTIFICATES Revenue Object 3012

#### RATE & 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
<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>	10,225,435
<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

#### ENACTED

46th Legislature (1939) \$0.25 per certificate of title

#### RATE & 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 9/1/10, and continued to allocate \$5 of each \$20 fee collected to TERP Fund 5071 (thru 8/31/10); 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 9/1/15 the allocation of \$5 of each \$20 title fee collected to TERP Fund 5071
- 81st Legislature (2009) Extended to 8/31/19 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 & 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

#### ALLOCATION

- \$28 or \$33 certificate of title fee:
  - County tax assessor-collector — \$8; General Revenue Fund 0001 — \$5
  - Texas Mobility Fund 0365 — \$15 or \$20 depending on county, except that \$5 of each \$20 fee collected continues to be allocated to the TERP Fund 5071 until 9/1/15
- \$8 application fee for non-repairable or salvage vehicle title:
  - General Revenue Fund 0001 — 100%
- \$65 rebuilder fee:
  - State Highway Fund 0006 — \$50; General Revenue Fund 0001 — \$15
- Electronic titling system fees (to be set by rule):
  - General Revenue Fund 0001 — 100%

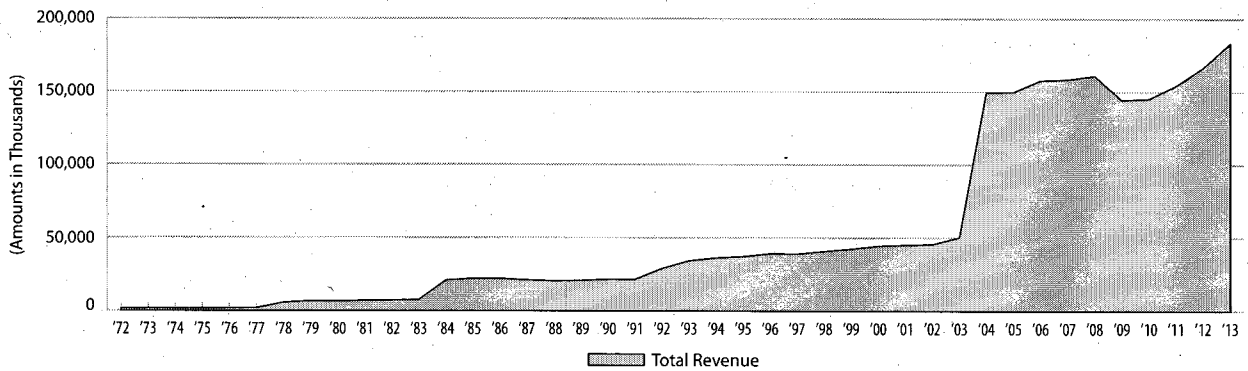


**MOTOR VEHICLE CERTIFICATES (concluded)**  
**Revenue Object 3012**

**NET COLLECTIONS**  
 (Amounts in Thousands)

Year	Total Revenue †	Percent Change	Percent of Other Revenue	Year	Total Revenue †	Percent Change	Percent of Other Revenue
1972	\$1,476	-	0.29	2000	\$44,428	4.8	0.46
1973	1,562	5.8	0.28	2001	45,093	1.5	0.43
1974	1,561	(0.0)	0.23	2002	45,614	1.2	0.42
1975	1,500	(3.9)	0.19	2003	50,296	10.3	0.45
1976	1,703	13.5	0.19	2004	149,694	197.6	1.22
1977	1,847	8.4	0.17	2005	149,881	0.1	1.14
1978	5,559	201.0	0.45	2006	157,769	5.3	1.11
1979	6,598	18.7	0.50	2007	158,485	0.5	1.00
1980	6,491	(1.6)	0.38	2008	161,006	1.6	0.83
1981	6,979	7.5	0.33	2009	144,521	(10.2)	0.93
1982	7,181	2.9	0.30	2010	145,315	0.5	0.96
1983	7,481	4.2	0.34	2011	154,259	6.2	0.91
1984	20,817	178.3	0.83	2012	166,592	8.0	0.94
1985	22,018	5.8	0.74	2013	183,200	10.0	0.98
1986	22,071	0.2	0.54				
1987	20,991	(4.9)	0.60				
1988	20,455	(2.6)	0.58				
1989	20,698	1.2	0.56				
1990	21,537	4.1	0.53				
1991	21,450	(0.4)	0.50				
1992	28,930	34.9	0.54				
1993	34,175	18.1	0.49				
1994	36,191	5.9	0.45				
1995	37,141	2.6	0.44				
1996	39,092	5.3	0.43				
1997	38,985	(0.3)	0.42				
1998	40,766	4.6	0.44				
1999	42,374	3.9	0.41				

† No revenue deposited to trust



Source: Susan Combs, Texas Comptroller.

## SOURCES OF REVENUE

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### MOTOR VEHICLE INSPECTION FEES Revenue Object 3020

#### RATE & BASE

<i>State:</i>	\$12.50 for annual sticker, \$21.75 for new vehicle two-year sticker; \$50 for commercial vehicle annual sticker; \$100 biennial fee for each inspection station; \$25 biennial fee for each inspector; \$10 Texas Emissions Reduction Plan (TERP) surcharge on commercial inspections
<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)
<i>No. of Fees Collected:</i>	62,683,745
<i>Payment Cycle:</i>	No cycle — payments made by inspection stations upon receipt of stickers from DPS
<i>Due Date:</i>	Upon receipt of stickers from DPS
<i>Remitted By:</i>	Vehicle inspection stations

#### LEGAL CITATION(S)

Texas Transportation Code, Chapter 548.501-548.508  
Texas Health and Safety Code, § 382.0062, 382.062, 382.202, 382.301, 382.302 and 386.002

#### ENACTED

53rd Legislature (1953) \$1 for annual inspection sticker (\$0.25 to DPS)

#### RATE & 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. 9/1/01 thru 8/31/08)  
78th Legislature (2003) Allows participating counties to adopt motor vehicle inspection and maintenance programs and charge a fee (eff. 6/10/03); revised allocations to Texas Mobility Fund 0365 (eff. 9/1/05)  
79th Legislature (2005) Extended the TERP surcharges through fiscal 2010 (eff. 9/1/05)  
80th Legislature (2007) Extended the TERP surcharge through 8/31/13 (eff. 9/1/07)  
81st Legislature (2009) Extended the TERP surcharge through 8/31/19 (eff. 9/1/09)  
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.

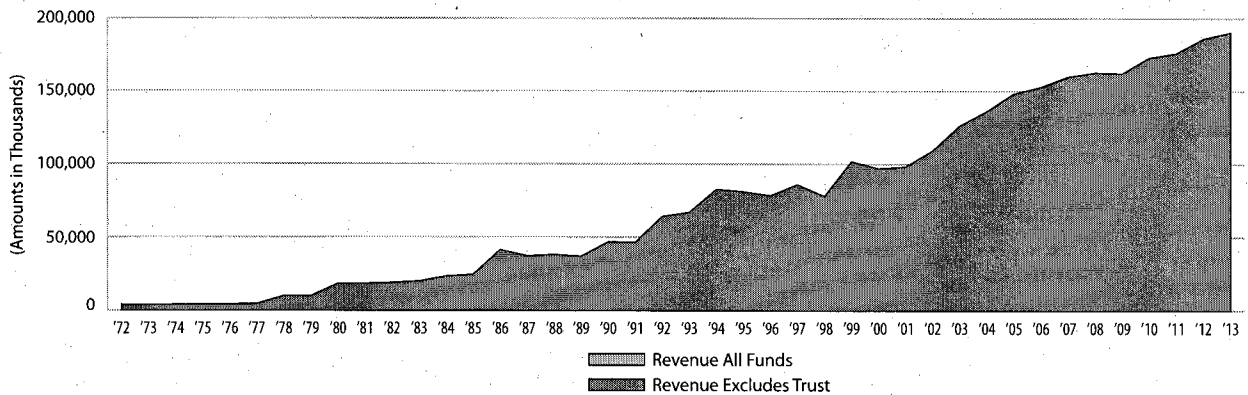
#### ALLOCATION

\$12.50 annual safety fee:  
Vehicle inspection station — \$7; Texas Mobility Fund 0365 — \$3.50; Clean Air Account 0151 — \$2  
\$21.75 two-year safety fee for new vehicles:  
Vehicle inspection station — \$7; Texas Mobility Fund 0365 — \$10.75; Clean Air Account 0151 — \$4  
\$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 (expires 8/31/2019):  
Emissions Reduction Plan Account 5071 — 100%

**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					
1987	37,189	37,189	(10.0)	1.06					
1988	38,029	38,029	2.3	1.08					
1989	36,935	36,935	(2.9)	1.00					
1990	46,760	46,760	26.6	1.15					
1991	46,488	46,488	(0.6)	1.08					
1992	64,121	64,121	37.9	1.19					
1993	66,950	66,950	4.4	0.97					
1994	82,741	82,735	23.6	1.03					
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: Susan Combs, Texas Comptroller

## SOURCES OF REVENUE

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### MOTOR VEHICLE REGISTRATION FEES Revenue Object 3014

#### RATE & BASE

<i>State:</i>	Various rates based on type/age/weight of motor vehicle; passenger cars/light trucks less than 6,000 pounds \$50.75; additional fees for personalized (not less than \$40) and specialized plates (\$30 generally); \$20 for souvenir plates, \$40 if personalized; fee not to exceed \$5 for temporary cardboard tag; voluntary fees for special purposes
<i>Local:</i>	Optional county road and bridge fee not to exceed \$10; optional county fee for child safety in some counties \$0.50 to \$1.50
<i>Federal:</i>	None
<i>Major Exemptions:</i>	Federal, state, and local governments; school districts

#### ADMINISTRATION

<i>Agency:</i>	Texas Department of Motor Vehicles (DMV)
<i>No. of Fees Collected:</i>	65,677,724
<i>Payment Cycle:</i>	Annually
<i>Due Date:</i>	Each Monday unless invested per statute, then no later than 34 days after the due date
<i>Remitted by:</i>	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 & 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. 9/1/06); 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 08/31/13; 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 8/31/19; allowed commercial fleet owners of 25+ vehicles to register fleet up to 8 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 11/1/09. Standardized various fees, including new \$50.75 fee for vehicles <6,000 lbs; new fee schedule for vehicles/road tractors/trailers >6,000 lbs; \$45 fee for certain trailers <6,000 lbs; reduced fee to \$6 for golf carts; repealed \$0.30 license plate reflector fee; eliminated license plate issuance fees for certain plates (all eff. 9/1/11)
- 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

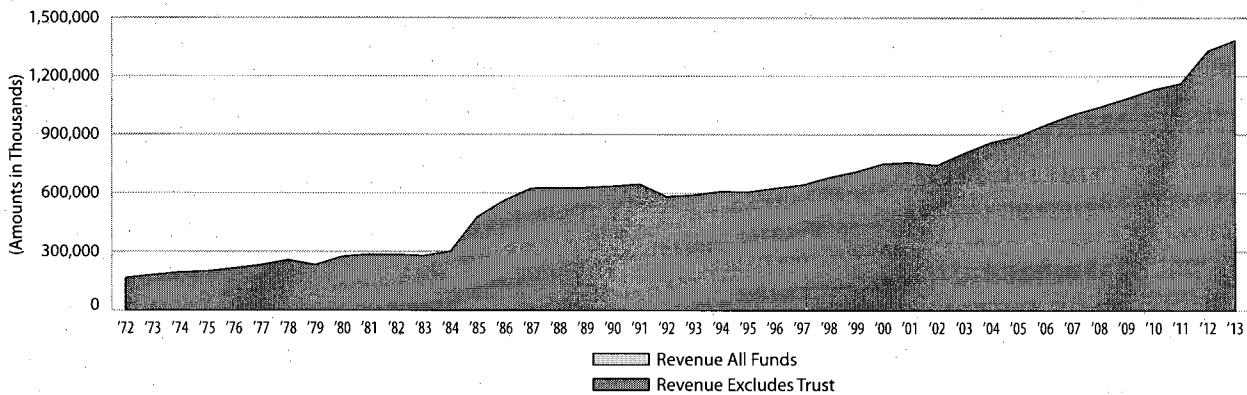
#### ALLOCATION

- Passenger vehicle and light truck registration:
- General Revenue Fund 0001 — \$38.75 from personalized prestige license plate fees; \$22 from certain specialty license plates for general distribution, various fees from other specialty plates; designated penalty fees and fines; \$10 for personalized souvenir plates if no designated account.
  - State Highway Fund 0006 — \$50.75 for registration of vehicles <6,000 lbs; various fees on non-personalized prestige license plates, and all other passenger/commercial vehicle registrations; \$1.25 from personalized prestige license plate fees; \$8 from certain specialty license plates for general distribution, various fees from other specialty plates; \$10 to \$20 on souvenir license plate fees; \$1 fee dedicated to driver's license system reengineering, driver responsibility program, and other department purposes; late fees; \$5 fee for cardboard tag
  - Other dedicated funds — Various fees from specialty license plates; voluntary fees
  - Emissions Reduction Plan Account 5071 — 10% surcharge on truck-tractor/commercial motor vehicle registrations (thru 8/31/19)

**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					
1987	623,877	623,877	11.0	17.84					
1988	625,988	625,988	0.3	17.75					
1989	627,385	627,385	0.2	16.92					
1990	634,736	634,736	1.2	15.64					
1991	644,724	644,724	1.6	14.98					
1992	581,710	581,710	(9.8)	10.81					
1993	589,532	589,532	1.3	8.50					
1994	607,420	607,615	3.1	7.55					
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: Susan Combs, Texas Comptroller

## SOURCES OF REVENUE

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### MOTOR VEHICLE RENTAL TAX Revenue Object 3005

#### RATE & BASE

*State:* 10% of gross receipts on rentals of 30 days or less; 6.25% on rentals of 31 to 180 days  
*Local:* Certain counties may impose a tax with a rate up to 6%  
*Federal:* None  
*Major Exemptions:* Rentals to governments; rentals for re-rental

#### ADMINISTRATION

*Agency:* Comptroller of Public Accounts  
*Number of Taxpayers:* 1,197 as of December 2011  
*Payment Cycle:* Monthly, quarterly, and annually with option to prepay  
*Due Date:* 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  
*Remitted By:* Rental companies

#### LEGAL CITATION(S)

Texas Tax Code, §§ 152.026, 152.045, 152.046, 152.084, 152.085  
Texas Local Government Code, §§ 334.102–334.109, 335.071(e)

#### ENACTED

62nd Legislature (1971) 4% of gross receipts

#### RATE & BASE CHANGES

68th Legislature (1984) 5% (eff. 8/1/84)  
70th Legislature (1987) 6% (eff. 10/1/87)  
72nd Legislature (1991) 10% for rentals up to 30 days; 6.25% for rentals of 31 to 180 days (eff. 9/1/91)  
82nd Legislature, 1st CS (2011) Added \$50 penalty for failure to file a timely report.

#### ALLOCATION

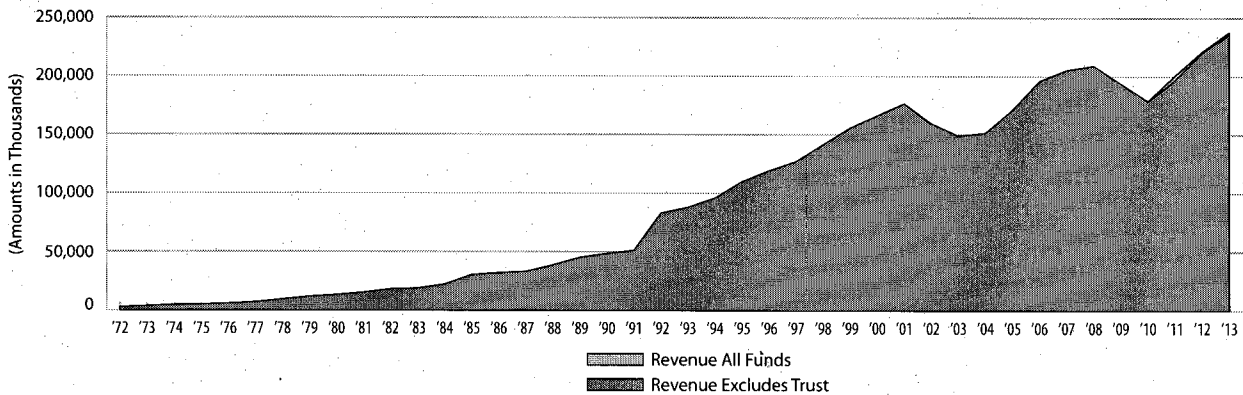
General Revenue Fund 0001 — 100%

**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		0.14	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					
1987	33,056	33,056	3.3	0.32					
1988	38,620	38,620	16.8	0.31					
1989	45,129	45,129	16.9	0.35					
1990	48,364	48,364	7.2	0.35					
1991	51,084	51,084	5.6	0.34					
1992	82,934	82,934	62.3	0.52					
1993	87,907	87,907	6.0	0.52					
1994	95,866	95,866	9.1	0.53					
1995	109,747	109,747	14.5	0.58					
1996	119,168	119,168	8.6	0.60					
1997	126,958	126,958	6.5	0.60					
1998	141,471	141,471	11.4	0.63					
1999	155,630	155,630	10.0	0.66					

<sup>1</sup> Starting in 2011, the Events Trust Fund, Major Events Trust Fund, Special Events Trust Fund and the Motor Sports and Racing Trust Fund started collection of alcoholic beverage taxes



Source: Susan Combs, Texas Comptroller

## SOURCES OF REVENUE

### MOTOR VEHICLE SALES AND USE TAX

#### Revenue Object 3004\*

#### RATE & BASE

<i>State:</i>	6.25% of sales price, less trade-in; \$90 tax for a motor vehicle brought into the state by a 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; vehicles transported out-of-state; certain child-care facilities; driver training vehicles; vehicles used for religious purposes; trucks/trailers/semitrailers used interstate 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>	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 & BASE CHANGES

Numerous rate and base changes between 1941 and 1971

62nd Legislature (1971) 4 percent

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 percent (eff. 8/1/84)

70th Legislature (1987) 6 percent (eff. 10/1/87)

72nd Legislature (1991) 6.25% (eff. 9/1/91); 5% county commission no longer paid from General Revenue (eff. 1/1/92)

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 <1997 (eff. 9/1/01)

78th Legislature (2003) Extended TERP adding 1% surcharge on sale/lease/use/rental of diesel trucks, model years >1996 (eff. 7/1/03); 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

#### ALLOCATION

General Revenue Fund 0001 — Allocation was 100% thru 8/31/05, then decreases over a 10 year period until fiscal 2015, when the allocation will be 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

Emissions Reduction Plan Account 5071 — 100% of applicable surcharge



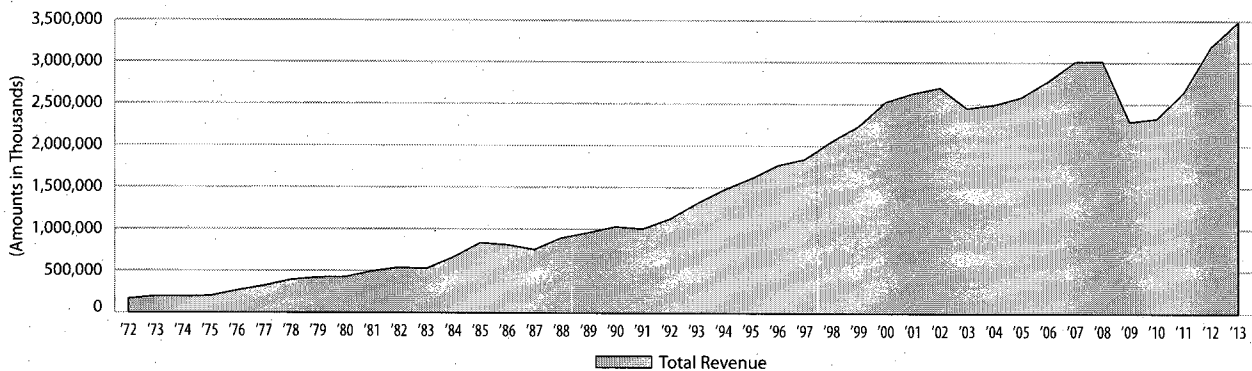
**MOTOR VEHICLE SALES AND USE TAX (concluded)**  
**Revenue Object 3004\***

**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	\$164,371	-	7.01	2000	\$2,526,449	12.9	9.99
1973	193,789	17.9	7.50	2001	2,627,761	4.0	9.65
1974	193,170	(0.3)	6.38	2002	2,696,454	2.6	10.26
1975	197,684	2.3	5.86	2003	2,452,064	(9.1)	9.39
1976	264,776	33.9	6.77	2004	2,493,614	1.7	8.93
1977	321,155	21.3	7.27	2005	2,582,389	3.6	8.65
1978	391,791	22.0	7.79	2006	2,776,573	7.5	8.28
1979	421,648	7.6	7.82	2007	3,008,867	8.4	8.14
1980	424,740	0.7	6.70	2008	3,012,846	0.1	7.28
1981	495,779	16.7	6.40	2009	2,292,557	(23.9)	6.06
1982	539,271	8.8	6.23	2010	2,329,566	1.6	6.59
1983	526,169	(2.4)	6.19	2011	2,646,638	13.6	6.81
1984	663,197	26.0	7.13	2012	3,189,319	20.5	7.24
1985	835,135	25.9	7.79	2013	3,487,064	9.3	7.30
1986	813,011	(2.6)	7.95				
1987	755,729	(7.0)	7.36				
1988	895,415	18.5	7.24				
1989	957,694	7.0	7.42				
1990	1,029,026	7.4	7.55				
1991	1,003,535	(2.5)	6.73				
1992	1,120,939	11.7	7.07				
1993	1,306,098	16.5	7.68				
1994	1,472,098	12.7	8.13				
1995	1,604,676	9.0	8.51				
1996	1,765,966	10.1	8.94				
1997	1,839,267	4.2	8.68				
1998	2,054,890	11.7	9.08				
1999	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

† No revenue deposited to trust



Source: Susan Combs, Texas Comptroller

**MOTOR VEHICLE SALES AND USE TAX —  
SELLER-FINANCED MOTOR VEHICLES  
Revenue Object 3016**

**RATE & BASE**

*State:* 6.25% of seller's receipts; 1% or 2.5% Texas Emissions Reduction Plan (TERP) surcharge on certain diesel trucks

*Local:* None; however county tax assessor-collectors are entitled to 5% of the motor vehicle sales tax collected from the sale of motor vehicles in their county

*Federal:* None

*Major Exemptions:* 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 interstate and subject to Interstate Registration Plan; certain hydrogen-powered vehicles; farm machine/trailer/semi-trailer used primarily for farm or timber use

**ADMINISTRATION**

*Agency:* Comptroller of Public Accounts

*Number of Taxpayers:* 3,624

*Payment Cycle:* Monthly or quarterly (may be prepaid)

*Due Date:* 20th day of the month for the preceding month or calendar quarter

*Remitted By:* Sellers who finance motor vehicles

**LEGAL CITATION(S)**

Texas Tax Code, §§ 152.047–152.048

**ENACTED**

73rd Legislature (1993) 6.25% (eff. 10/1/93)

**RATE & BASE CHANGES**

77th Legislature (2001) For TERP, added 2.5% surcharge on sale/lease/rental of diesel trucks for model years <1997 (eff. 9/1/01)

78th Legislature (2003) Extended TERP by adding 1% surcharge on sale/lease/use/rental of diesel trucks for model years >1996 (eff. 7/1/03)

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

82nd Legislature (1st CS) (2011) Added \$50 penalty for failure to file a timely report.

**ALLOCATION**

General Revenue Fund 0001 — Allocation was 100% thru 8/31/05, then decreases over 10 year period until fiscal 2015, when the allocation will be 95% to General Revenue and counties will receive 5%

Texas Emissions Reduction Plan Account 5071 — 100% of applicable surcharge

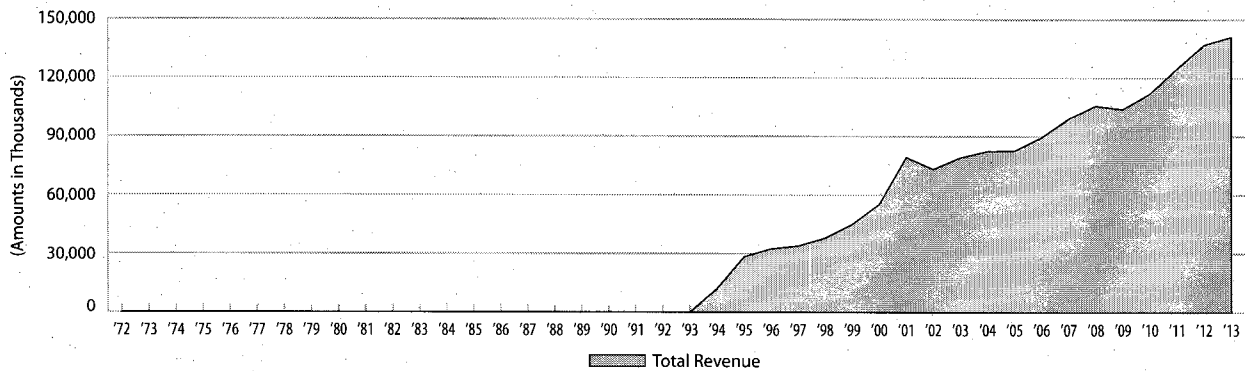
**MOTOR VEHICLE SALES AND USE TAX —  
SELLER-FINANCED MOTOR VEHICLES (concluded)**  
Revenue Object 3016

**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	\$55,168	22.7	0.22
1973	0	-	0.00	2001	79,198	43.6	0.29
1974	0	-	0.00	2002	73,199	(7.6)	0.28
1975	0	-	0.00	2003	79,069	8.0	0.30
1976	0	-	0.00	2004	82,423	4.2	0.30
1977	0	-	0.00	2005	82,642	0.3	0.28
1978	0	-	0.00	2006	89,437	8.2	0.27
1979	0	-	0.00	2007	99,038	10.7	0.27
1980	0	-	0.00	2008	105,583	6.6	0.26
1981	0	-	0.00	2009	103,919	(1.6)	0.27
1982	0	-	0.00	2010	111,902	7.7	0.32
1983	0	-	0.00	2011	124,757	11.5	0.32
1984	0	-	0.00	2012	136,886	9.7	0.31
1985	0	-	0.00	2013	140,984	3.0	0.30
1986	0	-	0.00				
1987	0	-	0.00				
1988	0	-	0.00				
1989	0	-	0.00				
1990	0	-	0.00				
1991	0	-	0.00				
1992	0	-	0.00				
1993	0	-	0.00				
1994 <sup>1</sup>	11,977	-	0.07				
1995	28,324	136.5	0.15				
1996	32,398	14.4	0.16				
1997	33,929	4.7	0.16				
1998	37,945	11.8	0.17				
1999	44,946	18.4	0.19				

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

<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: Susan Combs, Texas Comptroller

## SOURCES OF REVENUE

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### NATURAL GAS PRODUCTION TAX Revenue Objects 3291\*

#### RATE & 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>	Production from wells previously inactive for at least two years; "high-cost" natural gas

#### ADMINISTRATION

<i>Agency:</i>	Comptroller of Public Accounts
<i>Number of Taxpayers:</i>	1,721
<i>Payment Cycle:</i>	Monthly
<i>Due Date:</i>	20th day of the second month succeeding production
<i>Remitted By:</i>	Oil and natural gas producers and purchasers

#### LEGAL CITATION(S)

Texas Tax Code, §§ 201.052, 201.054–201.055, 201.201 (the "Gas Production" tax)

#### ENACTED

42nd Legislature (1931) 2% of value

#### RATE & BASE CHANGES

44th Legislature (1936) 3% of value  
47th Legislature (1941) 5.2% of value  
51st Legislature (1950) 5.72% of value until 8/31/51 (temporary)  
52nd Legislature (1951) 5.72% of value after 9/1/51 (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 8/31/01  
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  
76th Legislature (1999) Extension of modified "high-cost" natural gas program  
78th Legislature (2003) Made "high-cost" natural gas program permanent  
79th Legislature (2005) Credits for qualifying low-producing wells; credits for reactivated orphan wells  
80th Legislature (2007) Made low-price exemption for low-producing wells permanent

#### ALLOCATION

Foundation School Fund 0193 — 25%  
General Revenue Fund 0001 — 75%

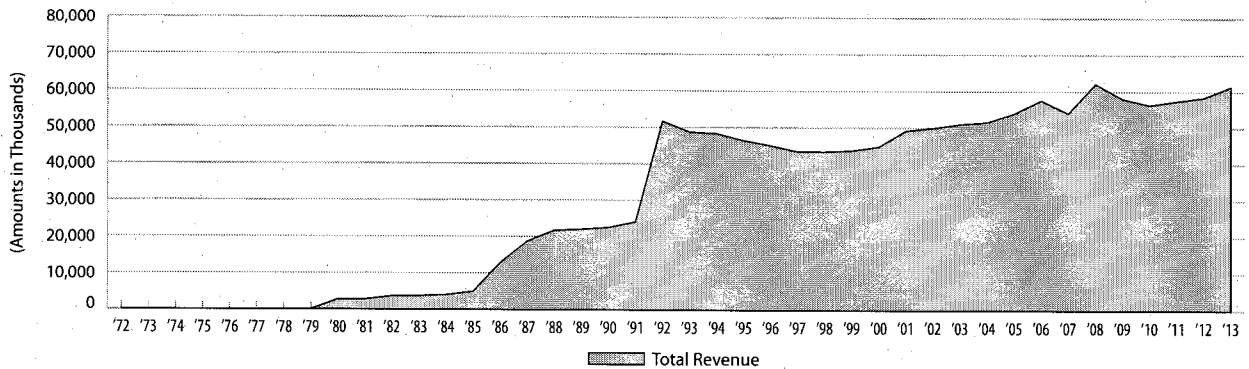
**NATURAL GAS PRODUCTION TAX (concluded)**  
**Revenue Object 3291\***

**NET COLLECTIONS**  
 (Amounts in Thousands)

Year	Total Revenue †	Percent Change	Percent of Taxes	Year	Total Revenue †	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				
1987	644,862	(17.2)	6.28				
1988	555,647	(13.8)	4.49				
1989	666,496	19.9	5.16				
1990	568,131	(14.8)	4.17				
1991	662,599	16.6	4.44				
1992	497,129	(25.0)	3.14				
1993	682,926	37.4	4.01				
1994	554,484	(18.8)	3.06				
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

† No revenue deposited to trust



Source: Susan Combs, Texas Comptroller

## SOURCES OF REVENUE

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### NON-BYPASSABLE UTILITY FEE Revenue Object 3244

#### RATE & BASE

*State:* Previously the rate was annually by the Texas Public Utility Commission, not to exceed 65 cents per megawatt hour. Starting Sept. 1, 2013 the fee is set to zero.

*Local:* None

*Federal:* None

*Major Exemptions:* None

#### ADMINISTRATION

*Agency:* Texas Public Utility Commission

*No. of Fees Collected:* 7

*Payment Cycle:* Monthly

*Due Date:* 20th day of the month for the preceding month

*Remitted By:* Transmission and distribution electric utilities participating in competitive markets

#### LEGAL CITATION(S)

Texas Utilities Code, §§ 39.903, 39.9039

#### ENACTED

76th Legislature (1999) Rate not to exceed 50 cents per megawatt hour, except from 1/1/02 to 12/31/06 the rate may be up to 65 cents per megawatt hour to the extent necessary to collect sufficient revenue to fund the initial 10% discount for low-income electric customers

#### RATE & BASE CHANGES

77th Legislature (2001) Not to exceed 65 cents per megawatt hour  
83rd Legislature (2013) Fee set to zero

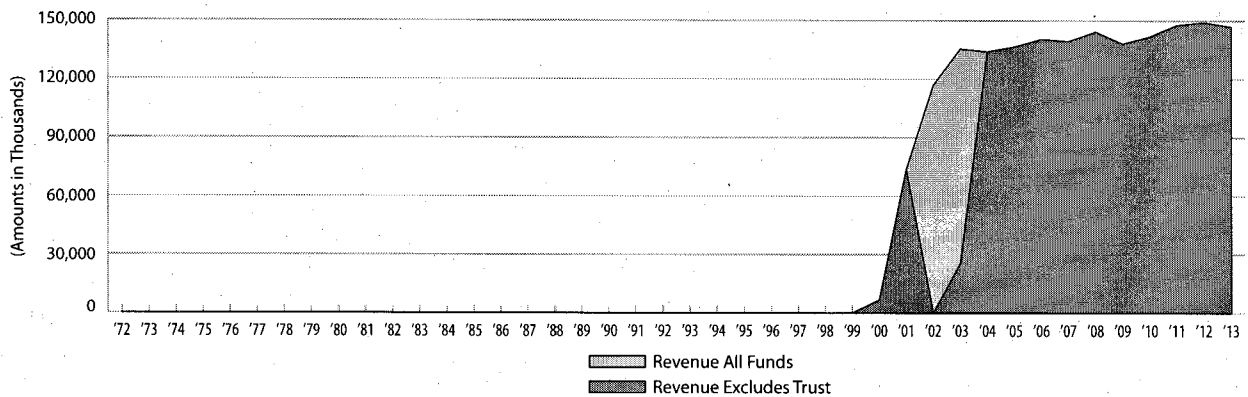
#### ALLOCATION

System Benefit Account 5100 — 100%

**NON-BYPASSABLE UTILITY FEE (concluded)**  
**Revenue Object 3244**

**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	\$6,603	\$6,603	-	0.07
1973	0	0	-	0.00	2001	73,596	73,596	1,014.6	0.70
1974	0	0	-	0.00	2002	116,670	0	(100.0)	0.00
1975	0	0	-	0.00	2003	135,312	25,347	-	0.23
1976	0	0	-	0.00	2004	133,883	133,883	428.2	1.10
1977	0	0	-	0.00	2005	136,392	136,392	1.9	1.04
1978	0	0	-	0.00	2006	140,253	140,253	2.8	0.99
1979	0	0	-	0.00	2007	139,205	139,205	(0.7)	0.88
1980	0	0	-	0.00	2008	144,043	144,043	3.5	0.74
1981	0	0	-	0.00	2009	137,963	137,963	(4.2)	0.88
1982	0	0	-	0.00	2010	141,594	141,594	2.6	0.94
1983	0	0	-	0.00	2011	147,571	147,571	4.2	0.87
1984	0	0	-	0.00	2012	149,085	149,085	1.0	0.84
1985	0	0	-	0.00	2013	146,695	146,695	(1.6)	0.78
1986	0	0	-	0.00					
1987	0	0	-	0.00					
1988	0	0	-	0.00					
1989	0	0	-	0.00					
1990	0	0	-	0.00					
1991	0	0	-	0.00					
1992	0	0	-	0.00					
1993	0	0	-	0.00					
1994	0	0	-	0.00					
1995	0	0	-	0.00					
1996	0	0	-	0.00					
1997	0	0	-	0.00					
1998	0	0	-	0.00					
1999	0	0	-	0.00					



Source: Susan Combs, Texas Comptroller

## SOURCES OF REVENUE

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### OIL PRODUCTION TAX Revenue Object 3290\*

#### RATE & BASE

<i>State:</i>	4.6% of the market value of oil produced in the state or 4.6 cents for each barrel of oil produced in the state, whichever rate results in the greater amount of tax.
<i>Local:</i>	None
<i>Federal:</i>	None
<i>Major Exemptions:</i>	Production from oil wells that were previously inactive for at least two years and from approved enhanced oil recovery (EOR) projects

#### ADMINISTRATION

<i>Agency:</i>	Comptroller of Public Accounts
<i>Number of Taxpayers:</i>	178
<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, § 202.052, 202.151

#### ENACTED

29th Legislature (1905) 1% of value

#### RATE & 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  
76th Legislature (1999) Low-price exemption for low-yield wells (temporary)  
79th Legislature (2005) Low-price exemption for low-producing wells; exemption for orphan wells; tax credit on marginal oil wells with enhanced efficiency equipment installed  
80th Legislature (2007) Made low-price exemption for low-producing wells permanent  
80th Legislature (2007) Tax credit for enhanced efficiency equipment  
80th Legislature (2007) Tax exemption for EOR projects using anthropogenic CO<sub>2</sub>

#### ALLOCATION

Foundation School Fund 0193 — 25%  
General Revenue Fund 0001 — 75%



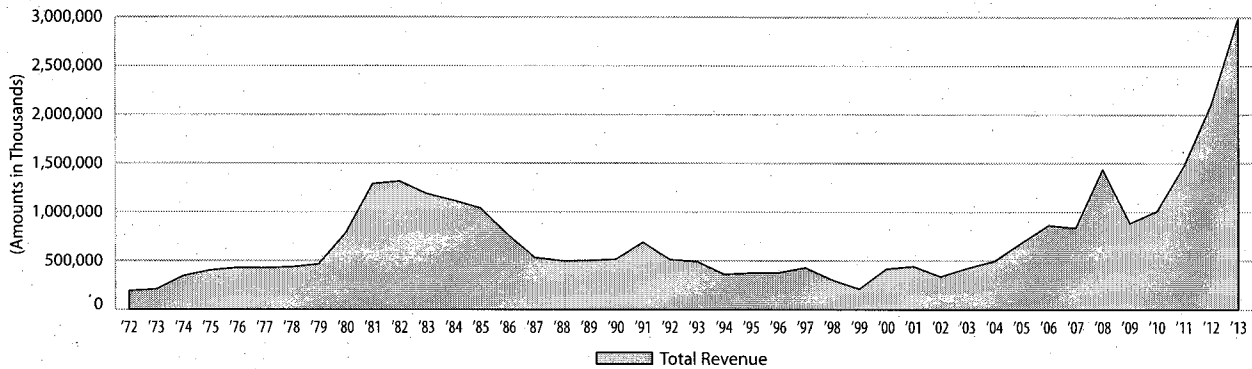
**OIL PRODUCTION TAX (concluded)**  
**Revenue Object 3290\***

**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				
1987	531,872	(30.7)	5.18				
1988	498,624	(6.3)	4.03				
1989	500,205	0.3	3.88				
1990	514,966	3.0	3.78				
1991	687,770	33.6	4.61				
1992	511,526	(25.6)	3.23				
1993	491,256	(4.0)	2.89				
1994	360,683	(26.6)	1.99				
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

† No revenue deposited to trust



Source: Susan Combs, Texas Comptroller

## SOURCES OF REVENUE

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### OIL REGULATION TAX Revenue Object 3295

#### RATE & BASE

*State:* 3/16 of 1 cent on each barrel produced in the state  
*Local:* None  
*Federal:* None  
*Major Exemptions:* None

#### ADMINISTRATION

*Agency:* Comptroller of Public Accounts  
*Number of Taxpayers:* 178  
*Payment Cycle:* Monthly  
*Due Date:* 25th day of the month for the preceding month's production  
*Remitted By:* Oil producers and purchasers

#### LEGAL CITATION(S)

Texas Natural Resources Code, § 81.111

#### ENACTED

35th Legislature (1917) 1/20 of 1% of value

#### RATE & BASE CHANGES

42nd Legislature (1931) 1/10 of 1% of value  
43rd Legislature (1933) 1/8 of 1% of value  
44th Legislature (1935) 3/16 of 1 cent per barrel of crude oil

#### ALLOCATION

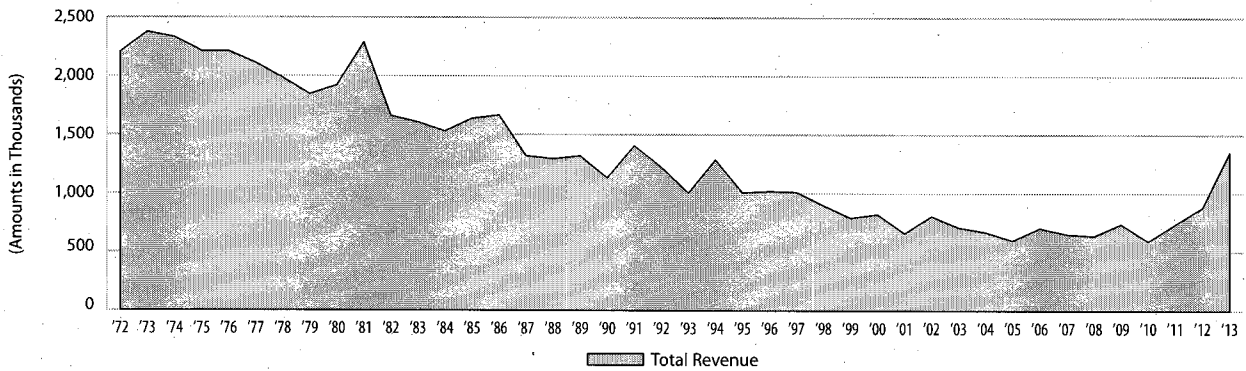
General Revenue Fund 0001 — 100%

**OIL REGULATION TAX (concluded)**  
**Revenue Object 3295**

**NET COLLECTIONS**  
 (Amounts in Thousands)

Year	Total Revenue †	Percent Change	Percent of Taxes	Year	Total Revenue †	Percent Change	Percent of Taxes
1972	\$2,203	-	0.09	2000	\$820	3.9	0.00
1973	2,374	7.8	0.09	2001	658	(19.7)	0.00
1974	2,329	(1.9)	0.08	2002	804	22.1	0.00
1975	2,211	(5.1)	0.07	2003	708	(11.9)	0.00
1976	2,210	(0.0)	0.06	2004	668	(5.6)	0.00
1977	2,110	(4.5)	0.05	2005	597	(10.7)	0.00
1978	1,983	(6.0)	0.04	2006	702	17.6	0.00
1979	1,843	(7.1)	0.03	2007	651	(7.2)	0.00
1980	1,919	4.1	0.03	2008	636	(2.3)	0.00
1981	2,285	19.1	0.03	2009	737	15.9	0.00
1982	1,659	(27.4)	0.02	2010	590	(20.0)	0.00
1983	1,604	(3.3)	0.02	2011	736	24.7	0.00
1984	1,527	(4.8)	0.02	2012	879	19.5	0.00
1985	1,636	7.1	0.02	2013	1,348	53.4	0.00
1986	1,665	1.8	0.02				
1987	1,318	(20.8)	0.01				
1988	1,292	(2.0)	0.01				
1989	1,317	1.9	0.01				
1990	1,130	(14.2)	0.01				
1991	1,404	24.3	0.01				
1992	1,222	(12.9)	0.01				
1993	1,002	(18.1)	0.01				
1994	1,285	28.3	0.01				
1995	1,005	(21.8)	0.01				
1996	1,017	1.2	0.01				
1997	1,009	(0.8)	0.00				
1998	896	(11.2)	0.00				
1999	789	(11.9)	0.00				

† No revenue deposited to trust



Source: Susan Combs, Texas Comptroller

## SOURCES OF REVENUE

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### OIL WELL SERVICE TAX Revenue Object 3296

#### RATE & 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:* 145  
*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, § 191.083

#### ENACTED

47th Legislature (1941) 2.2% of the value of taxable services

#### RATE & BASE CHANGES

52nd Legislature (1951) 2.42% of gross receipts

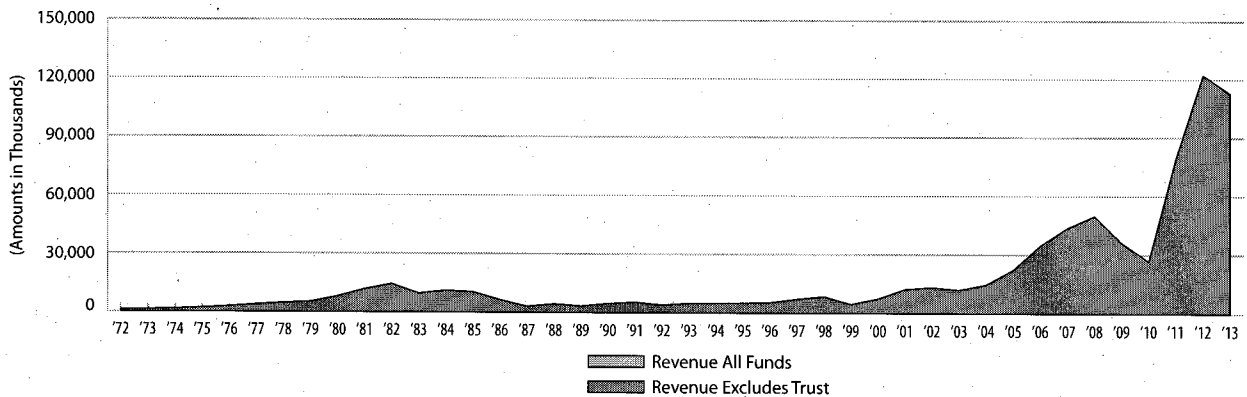
#### ALLOCATION

Foundation School Fund 0193 — 25%  
General Revenue Fund 0001 — 75%

**OIL WELL SERVICE TAX (concluded)**  
**Revenue Object 3296**

**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	\$963	\$963	-	0.04	2000	\$7,359	\$7,359	63.0	0.03
1973	1,073	1,073	11.4	0.04	2001	12,156	12,156	65.2	0.04
1974	1,426	1,426	32.9	0.05	2002	13,196	13,196	8.6	0.05
1975	2,026	2,026	42.0	0.06	2003	11,899	11,899	(9.8)	0.05
1976	2,718	2,718	34.2	0.07	2004	14,627	14,627	22.9	0.05
1977	3,736	3,736	37.5	0.08	2005	22,199	22,199	51.8	0.07
1978	4,595	4,595	23.0	0.09	2006	34,591	34,591	55.8	0.10
1979	5,152	5,152	12.1	0.10	2007	43,564	43,564	25.9	0.12
1980	7,930	7,930	53.9	0.13	2008	49,749	49,749	14.2	0.12
1981	11,717	11,717	47.8	0.15	2009	36,114	36,114	(27.4)	0.10
1982	14,372	14,372	22.7	0.17	2010	26,650	26,650	(26.2)	0.08
1983	9,601	9,601	(33.2)	0.11	2011	79,381	79,381	197.9	0.20
1984	11,018	11,018	14.8	0.12	2012	122,149	122,149	53.9	0.28
1985	10,341	10,341	(6.1)	0.10	2013	112,698	112,698	(7.7)	0.24
1986	6,404	6,404	(38.1)	0.06					
1987	3,018	3,018	(52.9)	0.03					
1988	4,281	4,281	41.9	0.03					
1989	3,272	3,272	(23.6)	0.03					
1990	4,550	4,550	39.1	0.03					
1991	5,285	5,285	16.2	0.04					
1992	3,936	3,936	(25.5)	0.02					
1993	4,820	4,820	22.5	0.03					
1994	4,842	4,842	0.5	0.03					
1995	4,976	4,976	2.8	0.03					
1996	5,285	5,285	6.2	0.03					
1997	7,073	7,073	33.8	0.03					
1998	8,480	8,480	19.9	0.04					
1999	4,515	4,515	(46.8)	0.02					



Source: Susan Combs, Texas Comptroller

## SOURCES OF REVENUE

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### PROFESSIONAL FEES Revenue Objects 3171 and 3175

#### RATE & BASE

*State:* Varies by agency and profession  
*Local:* None  
*Federal:* None  
*Major Exemptions:* None

#### ADMINISTRATION

*Agency:* See Appendix E-1  
*No. of Fees Collected:* 2.5 million  
*Payment Cycle:* Annual renewals (some biennial or multi-year renewals)  
*Due Date:* Staggered  
*Remitted By:* Licensed professionals

#### LEGAL CITATION(S)

See Appendix E-1

#### ENACTED

See Appendix E-1

#### RATE & 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

#### ALLOCATION

\$200 increases enacted by the 72nd and 78th Legislatures:  
Foundation School Fund 0193 — 25%  
Texas A&M University Real Estate Research Center Local Fund — \$50 of the \$200 real estate fee increase only  
General Revenue Fund 0001 — remainder of \$200 fee increase  
All other professional fees:  
General Revenue Fund 0001, various dedicated accounts and various local operating accounts outside the treasury.

**PROFESSIONAL FEES (concluded)**  
**Revenue Objects 3171 and 3175**

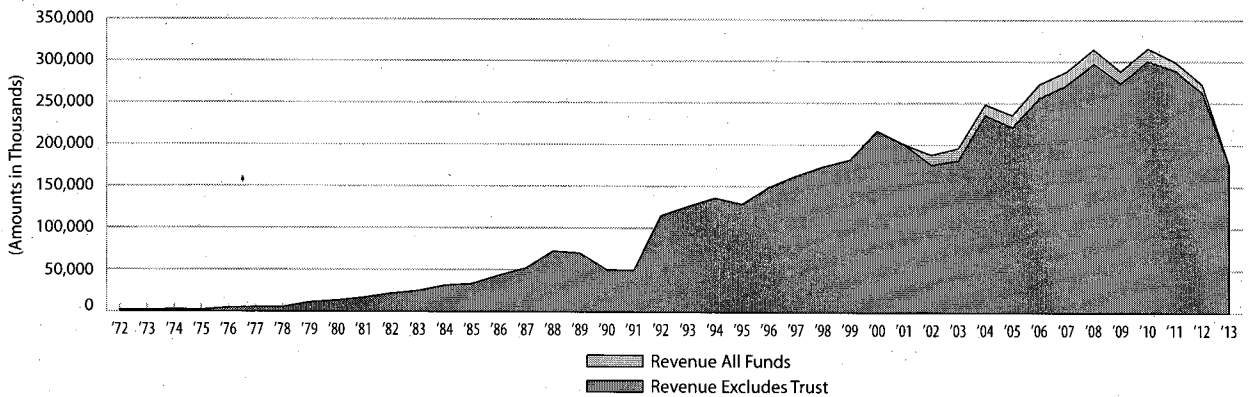
**NET COLLECTIONS**  
 (Amounts in Thousands)

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					
1987	52,011	52,011	20.3	1.49					
1988 <sup>1</sup>	72,164	72,164	38.7	2.05					
1989	70,100	70,100	(2.9)	1.89					
1990	50,278	50,278	(28.3)	1.24					
1991	49,683	49,683	(1.2)	1.15					
1992	114,941	114,704	130.9	2.13					
1993	125,984	125,744	9.6	1.81					
1994	136,084	136,048	8.2	1.69					
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.

<sup>3</sup> Securities fees were removed and deposited to object code 3186 beginning in 2013.



Source: Susan Combs, Texas Comptroller

## SOURCES OF REVENUE

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### PUBLIC UTILITY GROSS RECEIPTS ASSESSMENT Revenue Object 3230\*

#### RATE & 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:* 483  
*Payment Cycle:* Annually (may be paid quarterly)  
*Due Date:* August 15th  
*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 8/31/76)

#### RATE & BASE CHANGES

None

#### ALLOCATION

General Revenue Fund 0001 — 100%



**PUBLIC UTILITY GROSS RECEIPTS ASSESSMENT (concluded)**  
**Revenue Object 3230\***

**NET COLLECTIONS**  
 (Amounts in Thousands)

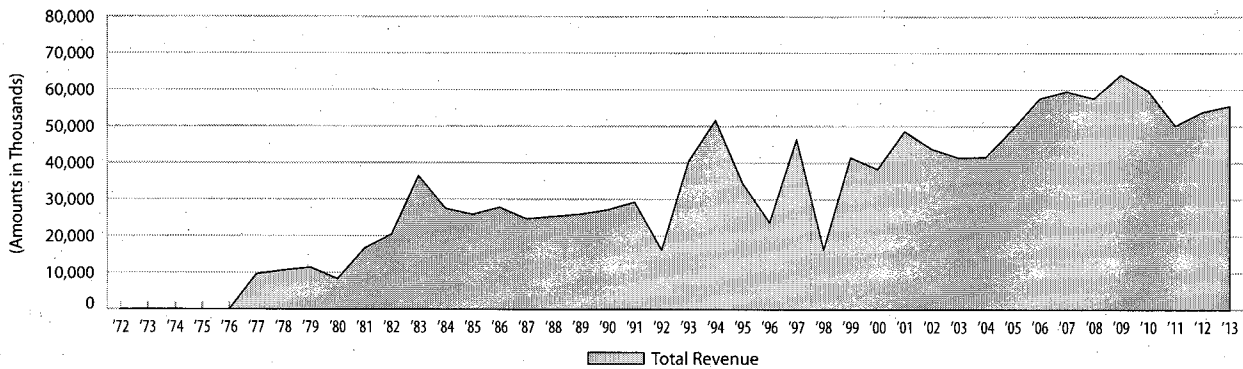
Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Taxes	Year	Total Revenue <sup>†</sup>	Percent Change	Percent of Taxes
1972	\$0	-	0.00	2000	\$38,234	(7.7)	0.15
1973	0	-	0.00	2001	48,597	27.1	0.18
1974	0	-	0.00	2002	43,791	(9.9)	0.17
1975	0	-	0.00	2003	41,346	(5.6)	0.16
1976	0	-	0.00	2004	41,557	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				
1987	24,660	(11.3)	0.24				
1988	25,321	2.7	0.20				
1989	25,966	2.5	0.20				
1990	27,157	4.6	0.20				
1991	29,262	7.8	0.20				
1992 <sup>1</sup>	16,203	(44.6)	0.10				
1993 <sup>1</sup>	40,375	149.2	0.24				
1994 <sup>2</sup>	51,596	27.8	0.28				
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 excludes \$19.8 million for expiration of speed-up



Source: Susan Combs, Texas Comptroller

## SOURCES OF REVENUE

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### SALES AND USE TAX

#### Revenue Objects 3010, 3100–3103, 3105, 3127, and 3798\*

#### RATE & BASE

<i>State:</i>	6.25% of the retail sale price of taxable tangible personal property and selected services
<i>Local:</i>	Cities, 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, food for home consumption, residential and manufacturing gas and electricity

#### ADMINISTRATION

<i>Agency:</i>	Comptroller of Public Accounts
<i>Number of Taxpayers:</i>	652,400
<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>	Permitted retailers and users of taxable items

#### LEGAL CITATION(S)

- Texas Tax Code, §§ 151.051, 151.101, 151.424, 151.428, 151.801 (“the Limited Sales, Excise, and Use” tax)
- Texas Tax Code, § 161.002 (the “Fireworks” tax)
- Texas Tax Code, §§ 321.103, 321.104 (cities)
- Texas Tax Code, §§ 322.101, 322.102 (special districts)
- 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 & BASE CHANGES

- See Appendix C for base changes
- 60th Legislature (1968) 3% (eff. 10/2/68)
- 61st Legislature (1969) 3.25% (eff. 10/1/69)
- 62nd Legislature (1971) 4% (eff. 7/1/71)
- 68th Legislature (1984) 4.125% (eff. 10/2/84)
- 69th Legislature (1986) 5.25% (eff. 1/1/87–temporary)
- 70th Legislature (1987) 6% (eff. 10/1/87)
- 71st Legislature (1990) 6.25% (eff. 7/1/90)
- 77th Legislature (2001) Additional 2% sales tax on fireworks (eff. 10/31/01)

#### ALLOCATION

- State Highway Fund 0006 — Sales tax collections on motor lubricants
- Sales tax collections on certain sporting goods sales:
  - 6% to Historic Site Account 5139;
  - 94% for Parks and Wildlife Department use, divided as follows:
    - State Parks Account 0064 — 74%
    - Texas Recreation and Parks Account 0467 — 15%
    - Texas Parks and Wildlife Fund 5150 — 10%
    - Texas Parks and Wildlife Conservation and Capital Account 5004 — 1%
- General Revenue Fund 0001 — remaining balance
- Rural Volunteer Fire Department Insurance Account 5066 — additional 2% sales tax on fireworks
- Texas Emissions Reduction Plan Account 5071 — 2% diesel equipment surcharge

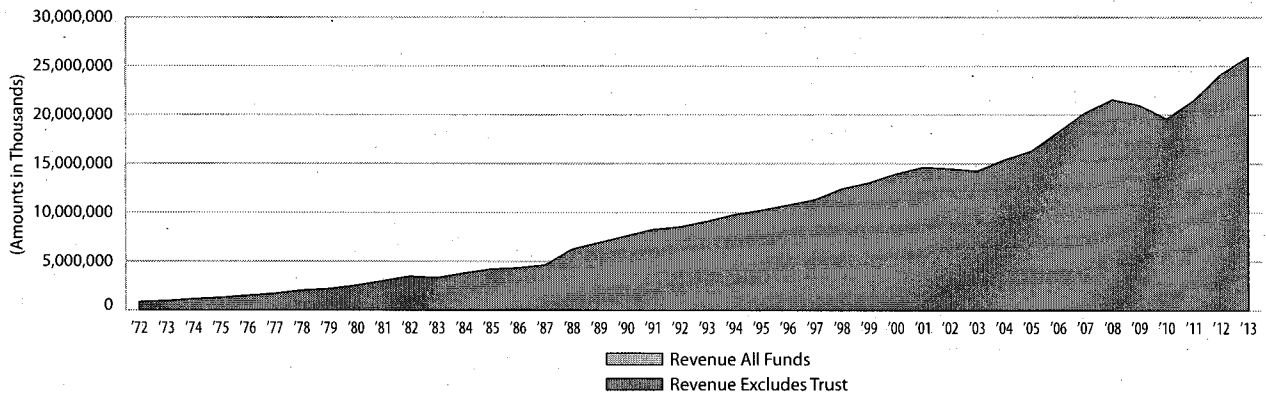
**SALES AND USE TAX (concluded)**  
**Revenue Objects 3010, 3100-3103, 3105, 3127, and 3798\***

**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	2000	\$13,930,223	\$13,930,219	6.9	55.10
1973	926,211	926,211	12.4	35.85	2001	14,620,930	14,620,929	5.0	53.69
1974	1,126,239	1,126,239	21.6	37.22	2002	14,476,616	14,476,616	(1.0)	55.09
1975	1,266,637	1,266,637	12.5	37.53	2003	14,234,160	14,234,160	(1.7)	54.48
1976	1,478,372	1,478,372	16.7	37.77	2004	15,368,233	15,368,233	8.0	55.06
1977	1,689,043	1,689,043	14.3	38.21	2005	16,258,035	16,258,035	5.8	54.49
1978	2,023,721	2,023,721	19.8	40.21	2006	18,218,356	18,218,356	12.1	54.31
1979	2,174,266	2,174,266	7.4	40.34	2007	20,208,699	20,208,699	10.9	54.68
1980	2,521,374	2,521,374	16.0	39.75	2008	21,541,624	21,541,624	6.6	52.09
1981	2,982,858	2,982,858	18.3	38.53	2009	20,965,737	20,965,737	(2.7)	55.43
1982	3,461,092	3,461,092	16.0	40.01	2010	19,584,153	19,584,153	(6.6)	55.37
1983	3,304,614	3,304,614	(4.5)	38.89	2011	21,476,612	21,476,612	9.7	55.27
1984	3,784,765	3,784,765	14.5	40.67	2012	24,158,680	24,158,680	12.5	54.81
1985	4,191,844	4,191,844	10.8	39.10	2013	25,932,245	25,932,245	7.3	54.27
1986	4,329,871	4,329,872	3.3	42.32					
1987	4,616,533	4,616,533	6.6	44.97					
1988	6,242,907	6,242,907	35.2	50.49					
1989	6,914,695	6,914,695	10.8	53.58					
1990	7,589,434	7,589,434	9.8	55.67					
1991	8,255,678	8,255,678	8.8	55.33					
1992	8,534,512	8,534,512	3.4	53.85					
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	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					

\* 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.



Source: Susan Combs, Texas Comptroller

## SOURCES OF REVENUE

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### SECURITIES FEES Revenue Object 3186

#### RATE & BASE

*State:* 1/10 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.

*Local:* None

*Federal:* None

*Major Exemptions:* None

#### ADMINISTRATION

*Agency:* State Securities Board

*No. of Fees Collected:* 82,255

*Payment Cycle:* N/A

*Due Date:* At time of application. Renewals vary by type of security.

*Remitted by:* Dealers and investment advisors.

#### LEGAL CITATION(S)

TEX. REV. CIV. STAT. ANN. art. 581-35

#### ENACTED

1935 by the 44th Leg.

#### RATE & BASE CHANGES

#### ALLOCATION

General Revenue Fund 0001

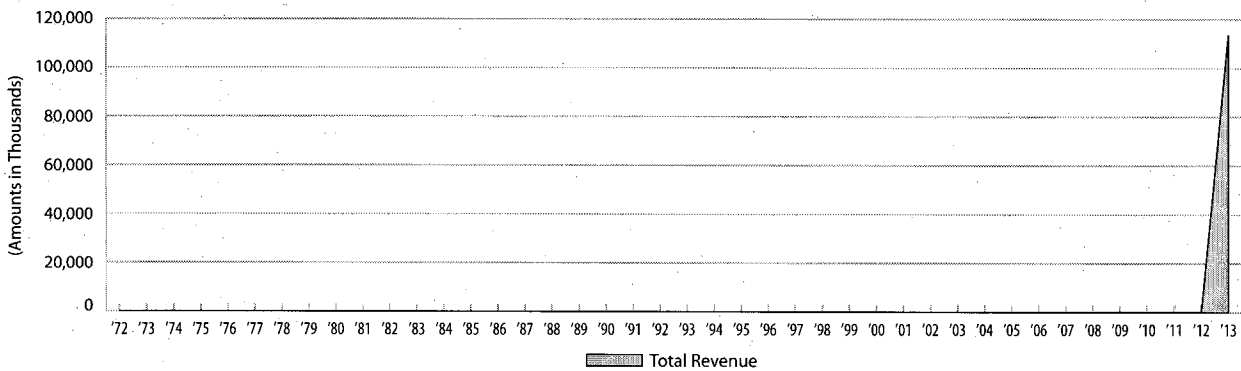
**SECURITIES FEES (concluded)**  
**Revenue Object 3186**

**NET COLLECTIONS**  
 (Amounts in Thousands)

Year	Total Revenue †	Percent Change	Percent of Other Revenue	Year	Total Revenue †	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>1</sup>	113,508	-	0.61
1986	0	-	0.00				
1987	0	-	0.00				
1988	0	-	0.00				
1989	0	-	0.00				
1990	0	-	0.00				
1991	0	-	0.00				
1992	0	-	0.00				
1993	0	-	0.00				
1994	0	-	0.00				
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 2013, Securities fees were collected under object code 3175



Source: Susan Combs, Texas Comptroller

## SOURCES OF REVENUE

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### SPECIAL VEHICLE PERMITS Revenue Object 3018

#### RATE & 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 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
<i>No. of Fees Collected:</i>	1,052,711
<i>Payment Cycle:</i>	N/A
<i>Due Date:</i>	Annually, when permit is issued or as determined by TxDMV.
<i>Remitted by:</i>	County tax assessor-collectors, TXDOT, and various government entities

#### LEGAL CITATION(S)

Transportation Code secs. 342.004, 621.353, 621.354, 621.506, 621.507, 622.051, 623.011, 623.0111, 623.0112, 623.017, 623.0171, 623.019, 623.096, 623.095(c), 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 Leg.

#### RATE & 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) Various permit fees increased  
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 (1995) 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.

#### ALLOCATION

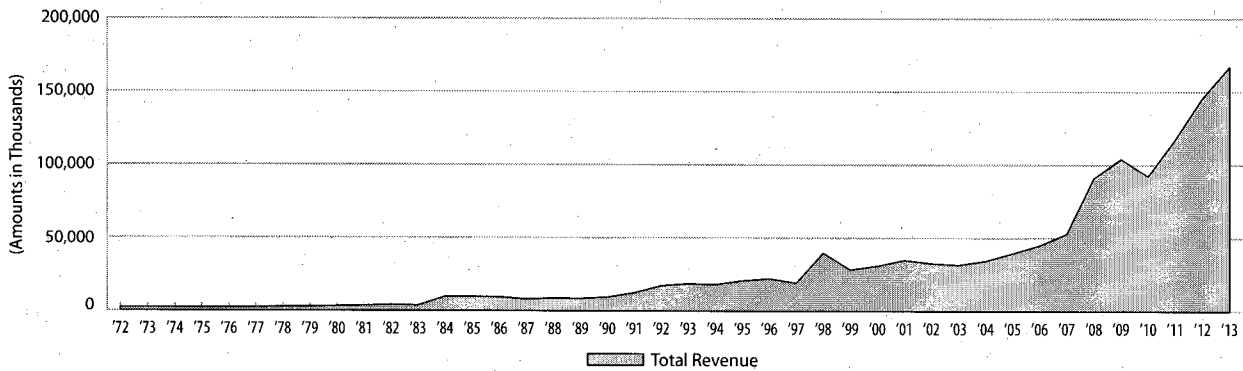
State Highway Fund 0006  
General Revenue Fund 0001

**SPECIAL VEHICLE PERMITS (concluded)**  
**Revenue Object 3018**

**NET COLLECTIONS**  
 (Amounts in Thousands)

Year	Total Revenue †	Percent Change	Percent of Other Revenue	Year	Total Revenue †	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				
1987	7,938	(15.8)	0.23				
1988	8,662	9.1	0.25				
1989	8,408	(2.9)	0.23				
1990	9,286	10.4	0.23				
1991	12,336	32.9	0.29				
1992	17,234	39.7	0.32				
1993	18,600	7.9	0.27				
1994	17,991	(3.3)	0.22				
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				

† No revenue deposited to trust



Source: Susan Combs, Texas Comptroller

## SOURCES OF REVENUE

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### STATE PARKS FEES Revenue Object 3461

#### RATE & BASE

*State:* Daily entrance fees: \$1 to \$12 per person age 13 and over; campsites and cabins range from \$5 to \$200 per night; historic site tour fees from \$1 to \$9; various other miscellaneous fees

*Local:* None

*Federal:* None

*Major Exemptions:* Children under the age of 13

#### ADMINISTRATION

*Agency:* Texas Parks and Wildlife Department (TPWD) and Historical Commission (THC)

*No. of Fees Collected:* 144,700

*Payment Cycle:* Weekly

*Due Date:* Each week

*Remitted by:* Park visitors

#### 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 & 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

#### ALLOCATION

Entrance and campsite fees (Excludes wildlife refuges): Certain park fees are deposited to the Texas Park Development Bonds Interest & Sinking Fund 0409 to cover principal/interest during the life of the bonds; the remainder is deposited to State Parks Account 0064

Wildlife refuge entrance fees:  
Non-Game and Endangered Species Conservation Account 0506

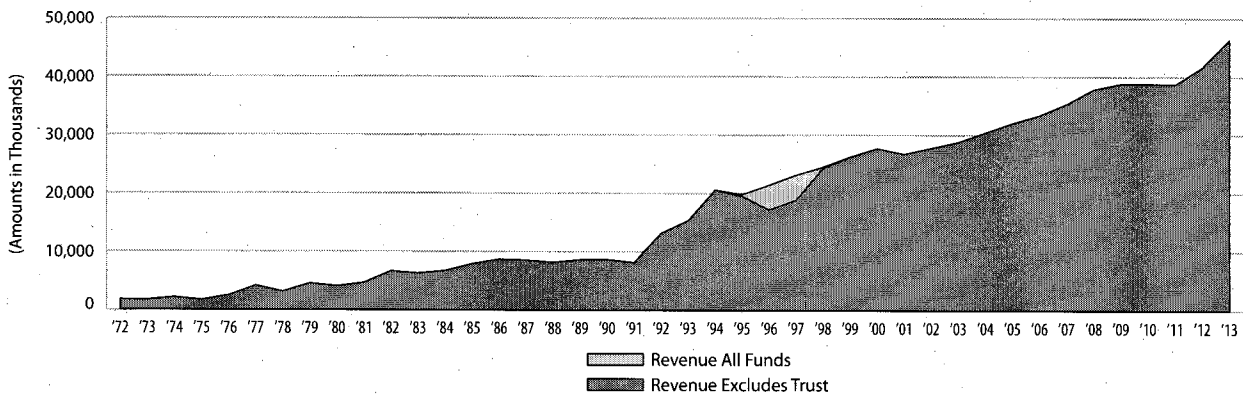
Conservation permits and Admiral Nimitz Museum entrance fee:  
General Revenue Fund 0001



**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					
1987	8,556	8,556	(1.7)	0.24					
1988	8,175	8,175	(4.5)	0.23					
1989	8,637	8,637	5.7	0.23					
1990	8,682	8,682	0.5	0.21					
1991	8,161	8,161	(6.0)	0.19					
1992	13,187	13,187	61.6	0.25					
1993	15,340	15,340	16.3	0.22					
1994	20,578	20,571	34.1	0.26					
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: Susan Combs, Texas Comptroller

## SOURCES OF REVENUE

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### SULPHUR PRODUCTION TAX Revenue Object 3299

#### RATE & BASE

*State:* \$1.03 per long ton or fractional part of sulphur produced in the state  
*Local:* None  
*Federal:* None  
*Major Exemptions:* None

#### ADMINISTRATION

*Agency:* Comptroller of Public Accounts  
*Number of Taxpayers:* 24  
*Payment Cycle:* Quarterly  
*Due Date:* Last day of the month succeeding each calendar quarter  
*Remitted By:* Sulphur producers

#### LEGAL CITATION(S)

Texas Tax Code, § 203.003

#### ENACTED

41st Legislature (1930) \$0.55 per long ton

#### RATE & BASE CHANGES

42nd Legislature (1931) \$0.75 per long ton  
44th Legislature (1936) \$1.03 per long ton  
47th Legislature (1941) \$1.272 per long ton  
52nd Legislature (1951) \$1.40 per long ton  
58th Legislature (1963) \$1.03 per long ton

#### ALLOCATION

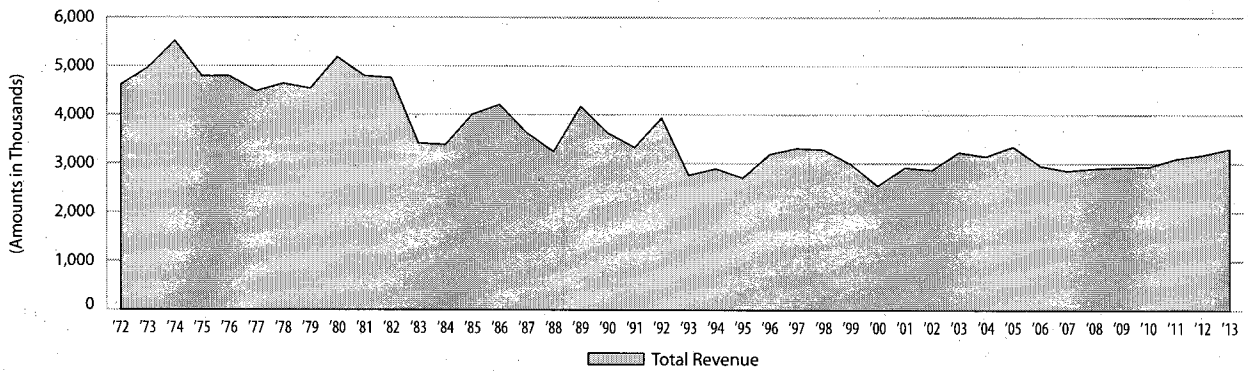
Foundation School Fund 0193 — 25%  
General Revenue Fund 0001 — 75%

**SULPHUR PRODUCTION TAX** (concluded)  
**Revenue Object 3299**

**NET COLLECTIONS**  
 (Amounts in Thousands)

Year	Total Revenue †	Percent Change	Percent of Taxes	Year	Total Revenue †	Percent Change	Percent of Taxes
1972	\$4,611	-	0.20	2000	\$2,543	(14.8)	0.01
1973	4,959	7.5	0.19	2001	2,916	14.7	0.01
1974	5,516	11.2	0.18	2002	2,866	(1.7)	0.01
1975	4,787	(13.2)	0.14	2003	3,229	12.7	0.01
1976	4,790	0.1	0.12	2004	3,143	(2.7)	0.01
1977	4,479	(6.5)	0.10	2005	3,347	6.5	0.01
1978	4,636	3.5	0.09	2006	2,955	(11.7)	0.01
1979	4,533	(2.2)	0.08	2007	2,852	(3.5)	0.01
1980	5,181	14.3	0.08	2008	2,901	1.7	0.01
1981	4,796	(7.4)	0.06	2009	2,927	0.9	0.01
1982	4,754	(0.9)	0.05	2010	2,933	0.2	0.01
1983	3,414	(28.2)	0.04	2011	3,098	5.6	0.01
1984	3,383	(0.9)	0.04	2012	3,179	2.6	0.01
1985	4,007	18.4	0.04	2013	3,300	3.8	0.01
1986	4,204	4.9	0.04				
1987	3,628	(13.7)	0.04				
1988	3,245	(10.6)	0.03				
1989	4,169	28.5	0.03				
1990	3,628	(13.0)	0.03				
1991	3,331	(8.2)	0.02				
1992	3,933	18.1	0.02				
1993	2,760	(29.8)	0.02				
1994	2,895	4.9	0.02				
1995	2,706	(6.5)	0.01				
1996	3,189	17.9	0.02				
1997	3,313	3.9	0.02				
1998	3,282	(0.9)	0.01				
1999	2,985	(9.0)	0.01				

† No revenue deposited to trust



Source: Susan Combs, Texas Comptroller

## SOURCES OF REVENUE

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### TEACHER CERTIFICATION FEES Revenue Object 3511

#### RATE & BASE

*State:* \$75 for a standard teaching certificate; \$30 for a standard educational aide certificate; and other associated fees.

*Local:* None

*Federal:* None

*Major Exemptions:* Educators holding a lifetime educator certification

#### ADMINISTRATION

*Agency:* Texas Education Agency (701) for the State Board for Educator Certification (705)

*No. of Fees Collected:* 543,778

*Payment Cycle:* Every five years for standard teaching certificate

*Due Date:* At time of exam and upon application for certificate before teaching school in Texas

*Remitted By:* Educators, educator preparation programs, and school districts

#### LEGAL CITATION(S)

Texas Education Code, § 21.041

#### ENACTED

54th Legislature (1955) Fee amount set by rule

#### RATE & 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**

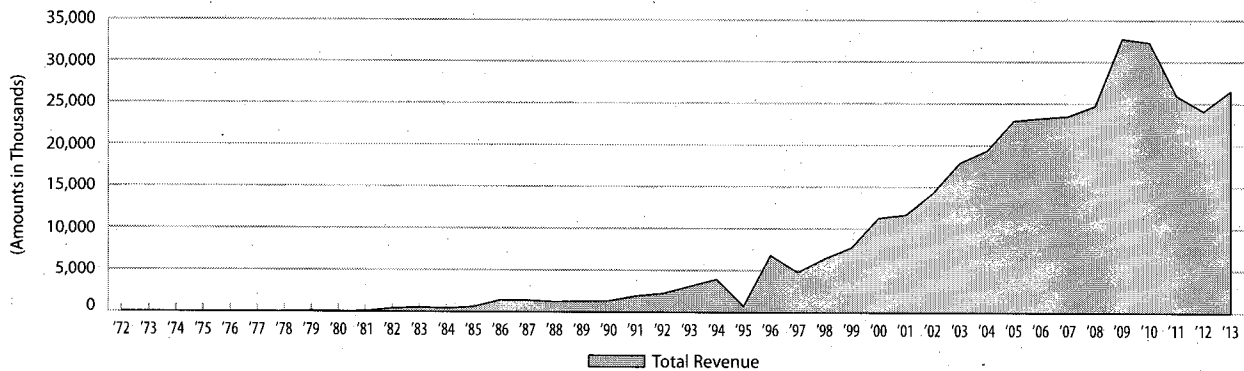
**NET COLLECTIONS**  
 (Amounts in Thousands)

Year	Total Revenue †	Percent Change	Percent of Other Revenue	Year	Total Revenue †	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				
1987	1,387	(1.7)	0.04				
1988	1,218	(12.2)	0.03				
1989	1,281	5.2	0.03				
1990	1,328	3.7	0.03				
1991	1,929	45.2	0.04				
1992	2,218	15.0	0.04				
1993	3,077	38.7	0.04				
1994	3,935	27.9	0.05				
1995	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 Educator Certification Board in 1995

<sup>2</sup> Policy change in fiscal 2000 due to S.B. 177, 76th Legislature: state agencies must collect all fees relating to certification exam



Source: Susan Combs, Texas Comptroller

## SOURCES OF REVENUE

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### TEXAS B-ON-TIME STUDENT LOAN TUITION SET-ASIDES Revenue Object 3691

#### RATE & BASE

*State:* 5% set aside of the designated tuition (Education Code §54.0513) charged a student in excess of \$46 per semester credit hour.

*Local:* None

*Federal:* None

*Major Exemptions:* None

#### ADMINISTRATION

*Agency:* Comptroller for the appropriate college or university.

*No. of Fees Collected:* 44

*Payment Cycle:* N/A

*Due Date:* As determined by Texas Higher Education Coordinating Board

*Remitted By:* College or University

#### LEGAL CITATION(S)

Education Code sec. 56.465

#### ENACTED

2003 by S.B. 4, 78th Leg., R.S.

#### RATE & BASE CHANGES

#### ALLOCATION

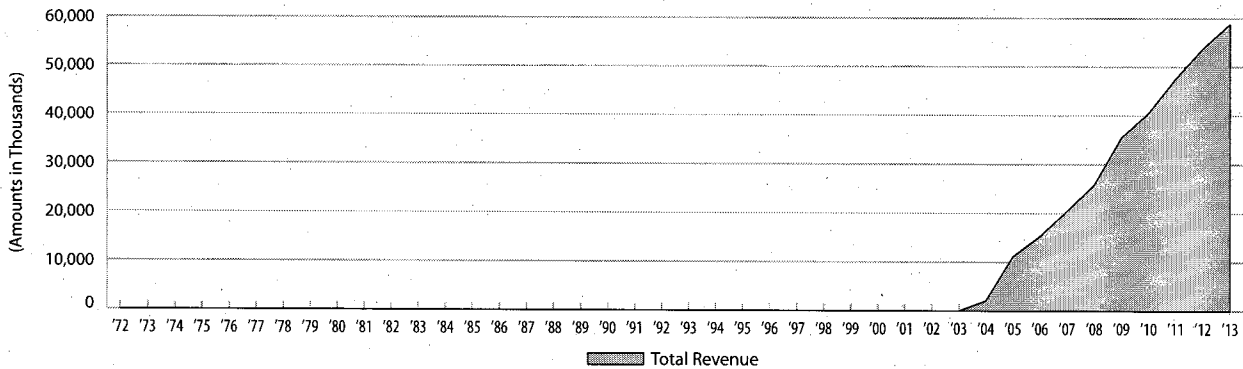
Texas B-On-Time Student Loan GR Account 5103

**TEXAS B-ON-TIME STUDENT LOAN TUITION SET-ASIDES (concluded)**  
**Revenue Object 3691**

**NET COLLECTIONS**  
 (Amounts in Thousands)

Year	Total Revenue †	Percent Change	Percent of Other Revenue	Year	Total Revenue †	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	2,073	-	0.02
1977	0	-	0.00	2005	11,120	436.5	0.08
1978	0	-	0.00	2006	15,315	37.7	0.11
1979	0	-	0.00	2007	20,462	33.6	0.13
1980	0	-	0.00	2008	25,806	26.1	0.13
1981	0	-	0.00	2009	35,451	37.4	0.23
1982	0	-	0.00	2010	40,492	14.2	0.27
1983	0	-	0.00	2011	47,551	17.4	0.28
1984	0	-	0.00	2012	53,740	13.0	0.30
1985	0	-	0.00	2013	58,777	9.4	0.31
1986	0	-	0.00				
1987	0	-	0.00				
1988	0	-	0.00				
1989	0	-	0.00				
1990	0	-	0.00				
1991	0	-	0.00				
1992	0	-	0.00				
1993	0	-	0.00				
1994	0	-	0.00				
1995	0	-	0.00				
1996	0	-	0.00				
1997	0	-	0.00				
1998	0	-	0.00				
1999	0	-	0.00				

† No revenue deposited to trust



Source: Susan Combs, Texas Comptroller

## SOURCES OF REVENUE

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### WASTE DISPOSAL FACILITIES, GENERATORS & TRANSPORTERS FEES Revenue Object 3592

#### RATE & BASE

*State:* 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

*Local:* None

*Federal:* None

*Major Exemptions:* None

#### ADMINISTRATION

*Agency:* Texas Commission on Environmental Quality and Texas Railroad Commission

*No. of Fees Collected:* 43,774

*Payment Cycle:* Various

*Due Date:* Various

*Remitted By:* 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 & 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

#### ALLOCATION

On-site Sewage Permit; Wastewater Treatment Fees: Water Resource Management Account 0153  
Landfill solid waste disposal fee: Solid Waste Disposal Fee Account 5000  
Oil and gas waste: Oil and Gas Regulation and Cleanup Account 5155  
Other hazardous and nonhazardous waste disposal fees and penalties:  
Waste Management Account 0549  
Hazardous and Solid Waste Remediation Fee Account 0550  
General Revenue Fund 0001

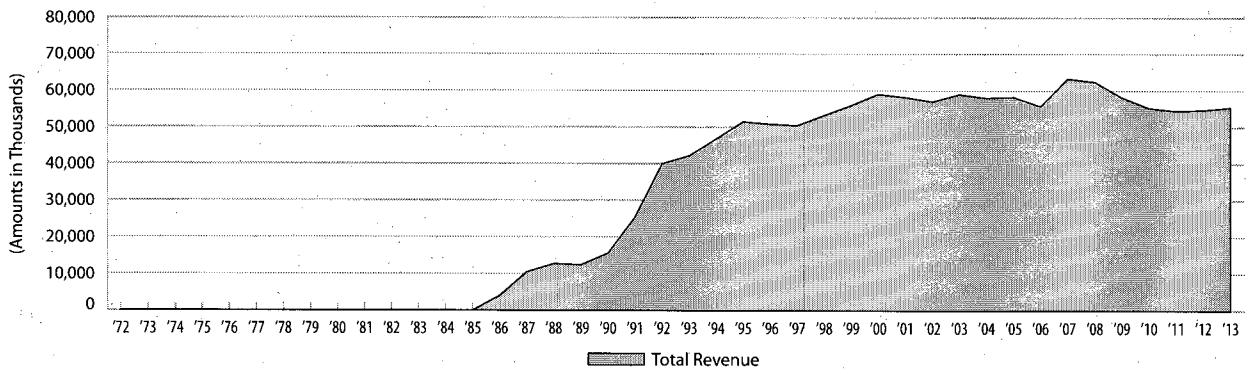


**WASTE DISPOSAL FACILITIES, GENERATORS & TRANSPORTERS FEES (concluded)**  
**Revenue Object 3592**

**NET COLLECTIONS**  
 (Amounts in Thousands)

Year	Total Revenue †	Percent Change	Percent of Other Revenue	Year	Total Revenue †	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				
1987	10,429	159.5	0.30				
1988	12,698	21.8	0.36				
1989	12,387	(2.5)	0.33				
1990	15,562	25.6	0.38				
1991	25,400	63.2	0.59				
1992	39,932	57.2	0.74				
1993	42,137	5.5	0.61				
1994	46,763	11.0	0.58				
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				

† No revenue deposited to trust



Source: Susan Combs, Texas Comptroller

## SOURCES OF REVENUE

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### WASTE TREATMENT INSPECTION FEE

#### Revenue Object 3371

#### RATE & BASE

<i>State:</i>	Various fees; for each wastewater discharge permit, a water quality fee up to \$100,000; on September 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>	12,594
<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 storm water

#### 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 & 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

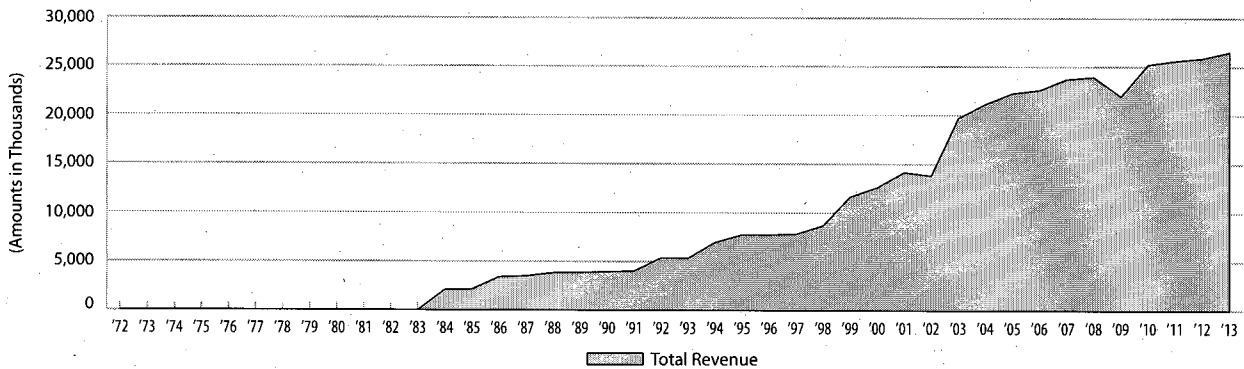
Water Quality Fee: General Revenue Fund 0001  
All Other Fees: Water Resource Management Account 0153

**WASTE TREATMENT INSPECTION FEE (concluded)**  
**Revenue Object 3371**

**NET COLLECTIONS**  
 (Amounts in Thousands)

Year	Total Revenue †	Percent Change	Percent of Other Revenue	Year	Total Revenue †	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				
1987	3,499	3.1	0.10				
1988	3,830	9.4	0.11				
1989	3,871	1.1	0.10				
1990	3,933	1.6	0.10				
1991	4,018	2.2	0.09				
1992	5,372	33.7	0.10				
1993	5,342	(0.6)	0.08				
1994	6,969	30.4	0.09				
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				

† No revenue deposited to trust



Source: Susan Combs, Texas Comptroller

## SOURCES OF REVENUE

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### WINE TAX Revenue Object 3259

#### RATE & BASE

*State:* Alcohol volume not over 14% — 20.4 cents per gallon  
More than 14% alcohol — 40.8 cents per gallon  
Sparkling wine — 51.6 cents per gallon

*Local:* None

*Federal:* Alcohol volume not over 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

*Major Exemptions:* Federal military facility sales

#### ADMINISTRATION

*Agency:* Texas Alcoholic Beverage Commission

*Number of Taxpayers:* 1574

*Payment Cycle:* Monthly

*Due Date:* 15th day of the month for the preceding month

*Remitted By:* Wine wholesalers

#### LEGAL CITATION(S)

Texas Alcoholic Beverage Code, § 201.04 (the "Vinous Liquor" tax)

#### ENACTED

44th Legislature (1935)  
Alcohol volume not over 14% — 2¢ per gallon;  
More than 14% alcohol, but not more than 24% alcohol — 5¢ per gallon;  
More than 24% alcohol — 50¢ per gallon;  
Sparkling wine — 25¢ per gallon

#### RATE & BASE CHANGES

44th Legislature (1936) Over 14%—20 cents/gallon; 14% or less—10 cents/gallon  
52nd Legislature (1951) Over 14%—22 cents; 14% or less—11 cents; sparkling wine—27.5 cents  
56th Legislature (1959) Over 14%—26.4 cents; 14% or less—13.2 cents; sparkling wine—33 cents  
62nd Legislature (1971) Over 14%—34 cents; 14% or less—17 cents; sparkling wine—43 cents  
68th Legislature (1984) Over 14%—40.8 cents; 14% or less—20.4 cents; sparkling wine—51.6 cents (effective 10/2/84)

#### ALLOCATION

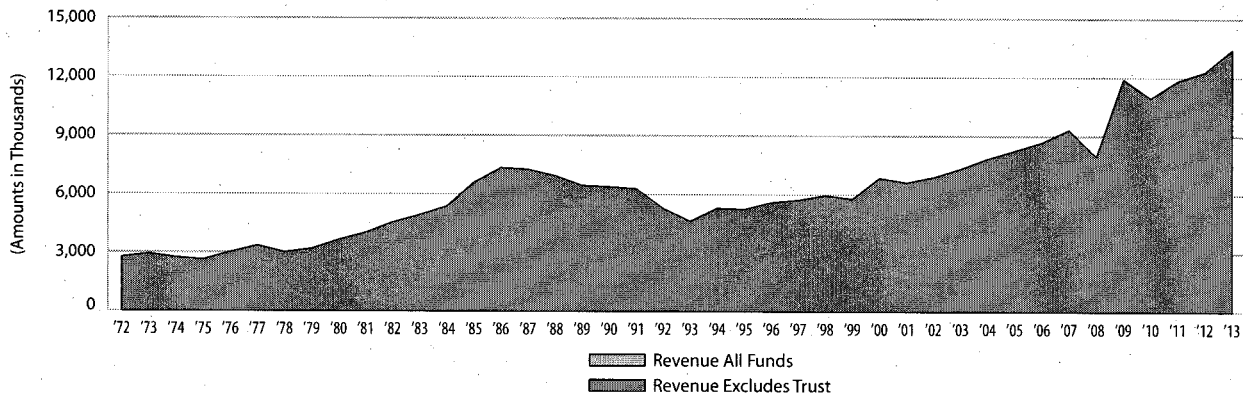
General Revenue Fund 0001 — 100%

**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					
1987	7,255	7,255	(1.1)	0.07					
1988	6,939	6,939	(4.4)	0.06					
1989	6,440	6,440	(7.2)	0.05					
1990	6,375	6,375	(1.0)	0.05					
1991	6,280	6,280	(1.5)	0.04					
1992	5,275	5,275	(16.0)	0.03					
1993	4,624	4,624	(12.3)	0.03					
1994	5,291	5,291	14.4	0.03					
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 Trust Fund, Special Events Trust Fund and the Motor Sports and Racing Trust Fund started collection of alcoholic beverage taxes



Source: Susan Combs, Texas Comptroller

## SOURCES OF REVENUE

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**SOURCES  
OF  
REVENUE**

**APPENDICES**

## SOURCES OF REVENUE

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Appendix A  
**Tax and Other Revenue Collections**  
**1972-2013**  
**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	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	FY10-FY13	17,660,229	4.0	28.6	9.2	FY10-FY13	61,739,347
2013	47,781,046	8.4	71.8	7.6	10.5	18,731,841	6.1	28.2	9.2	7.4	66,512,887

Footnotes:

<sup>1</sup> All non tax revenue excluding federal receipts.

<sup>2</sup> Total revenue excluding federal receipts.

**SOURCES OF REVENUE**

**APPENDIX B**

**Changes in Major Texas Tax Rates, Fiscal 1930 – 2014**

Year	Sales Taxes		Motor Fuels Taxes		Severance Taxes		
	Sales Tax	Motor Vehicle Sales Tax	Gasoline Tax	Diesel Fuel Tax	Oil Production Tax	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	"	"	"	"	"	"	"
2009 through 2013: No Changes							
2014	"	"	"	"	"	"	"

Note: (t) = temporary  
 Sources: House Ways & Means Committee, "Texas Tax Facts," February 1993; Texas Department of Insurance; and Susan Combs, Texas Comptroller

APPENDIX B (continued)

Changes in Major Texas Tax Rates, Fiscal 1930 – 2014

Year	Alcoholic Beverage Taxes				Base Rate	Franchise Tax	
	Beer Tax	Liquor Tax	Mixed Beverage Gross Receipts Tax	Mixed Beverage Sales Tax		Applicable Surtax	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	"	"	"	"	"	"	"
1966	"	"	"	"	"	No surtax	"
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	"	"	"	"	"	"	"
1993	"	"	"	"	\$2.50/\$1,000 or 4.5% of earned surplus	"	\$2.50/\$1,000 or 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							
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

Note: (t) = temporary

Sources: House Ways & Means Committee, "Texas Tax Facts," February 1993; Texas Department of Insurance; and Susan Combs, Texas Comptroller

SOURCES OF REVENUE

APPENDIX B (concluded)

Changes in Major Texas Tax Rates, Fiscal 1930 – 2014

Year	Gas, Electric & Water Utility Tax			Insurance Premium Taxes			
	Cities with 1,001 to 2,499 Population	Cities with 2,500 to 9,999 Population	Cities with over 9,999 Population	Property and Casualty		Life, Accident & Health	
				Texas-Based	Out-of-State	Texas-Based	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 2006: No Changes							
2007	"	"	"	"	"	"	"
2008	"	"	"	"	"	"	"
2009 through 2013: No Changes							
2014	"	"	"	"	"	"	"

Note: (t) = temporary

Sources: House Ways & Means Committee, "Texas Tax Facts," February 1993; Texas Department of Insurance; and Susan Combs, Texas Comptroller

## 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 percent tax on all retail sales of tangible personal property, except those specifically exempted. Effective September 1, 1961.

**1963 The 58th Legislature**

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**

Enacted the Local Sales and Use Tax Act and authorized cities to impose a 1 percent local tax on all retail sales of tangible personal property taxed under the state Sales and Use tax. Effective January 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 percent. Effective October 2, 1968.

**1969 The 61st Legislature**

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 percent. Made beer and wine subject to the Sales and Use tax. Effective October 1, 1969.

**1971 The 62nd Legislature**

Increased the state Sales and Use tax rate to 4 percent. Effective July 1, 1971.

Exempted the leasing or licensing of motion picture films to licensed television stations. Effective February 5, 1971.

Exempted certain commercial vessels of 50 tons or more displacement. Effective August 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**

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 January 1, 1974.

Required taxpayers collecting in excess of \$750 per month in Sales and Use taxes to file tax returns and make payments monthly. Effective September 1, 1974.

Exempted volunteer fire departments. Effective August 27, 1973.

**1975 The 64th Legislature**

Exempted certain agricultural machinery and equipment. Effective September 1, 1975.

Excluded from the definition of "sales price" voluntary tips and gratuities. Effective April 30, 1975.

Exempted component parts for newspapers. Effective September 1, 1975.

APPENDIX C (continued)

**Summary of Legislative Changes to the  
Texas Sales and Use Tax Rate and Base**

Exempted food sales by Parent-Teacher Associations and by youth athletic organization members aged 18 years old or younger. Effective September 1, 1975.

Exempted solar energy devices, bicentennial organizations, aircraft used for flight instruction, and vessels of eight tons or more displacement used exclusively for commercial purposes. Effective September 1, 1975.

Excluded excise tax on tires and fishing equipment from the definition of "sales price." Effective September 1, 1975.

**1977 The 65th Legislature**

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 August 29, 1977.

Exempted film, tapes, photographs, and other materials used in broadcasting operations by radio and television stations. Effective August 29, 1977.

Exempted newspapers and semi-annual or longer subscriptions to magazines. Effective August 29, 1977.

Exempted syringes and hypodermic needles. Effective August 29, 1977.

Added emergency medical services to the exemption provided for volunteer fire departments. Effective August 29, 1977.

Required liquor permit holders to obtain a certificate of good standing from the Comptroller whenever a new permit is granted or an existing permit is renewed by the Texas Alcoholic Beverage Commission. Effective August 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 August 29, 1977.

**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 percent city tax on residential use of natural gas and electricity. Effective October 1, 1978.

**1979 The 66th Legislature**

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 August 27, 1979.

## APPENDIX C (continued)

**Summary of Legislative Changes to the Texas Sales and Use Tax Rate and Base**

Repealed Article 20.10 concerning overpayments and refunds and transferred the language into Chapter 111 so that the same procedures govern all taxes. Effective August 27, 1979.

Raised the interest rate charged by the state on delinquent taxes to 7 percent. Effective January 1, 1980.

**1981 The 67th Legislature**

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 January 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; and
- federal excise tax on tires and fishing equipment.

Exempted all therapeutic equipment prescribed for an individual by a doctor. Effective October 1, 1981.

Required all taxpayers who owe more than \$1,500 in sales and use tax a month to file monthly returns. Effective January 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 August 31, 1981.

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 non-profit 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 January 1, 1982.

Raised the interest rate on delinquent taxes to 10 percent. Allowed the state to pay 10 percent interest on refund claims. Effective January 1, 1982.

**1983 The 68th Legislature**

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 October 1, 1983.

Required all taxpayers owing more than \$1,500 in sales and use tax a quarter to file monthly returns. Effective October 1, 1983.

APPENDIX C (continued)

**Summary of Legislative Changes to the  
Texas Sales and Use Tax Rate and Base**

Reduced the prepayment discount to 1.25 percent and required a prepayment estimate to be at least 90 percent 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 October 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 October 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 October 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 August 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 August 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 September 1, 1983.

Exempted certain equipment used by the blind to enable them to function more independently. Effective September 1, 1983.

Exempted certain sales to or by Indian tribes that have a reservation in Texas. Effective September 1, 1983.

Exempted purchases by non-profit convention and tourist promotional agencies. Effective September 1, 1983.

Exempted publications distributed by licensed and certified carriers to customers traveling on the carrier. Effective August 29, 1983.

Exempted certain purchases by Texas Hospital Equipment Financing Councils. Effective August 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 September 1, 1983.

**1984 The 68th Legislature, Second Called Session**

*(All changes effective October 2, 1984)*

Increased the state Sales and Use tax rate to 4.125 percent.

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.



## APPENDIX C (continued)

**Summary of Legislative Changes to the Texas Sales and Use Tax Rate and Base**

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 non-profit 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 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.

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**

Taxed certain telecommunications services. Effective October 1, 1985. Permitted cities and metropolitan transit authorities to impose city and MTA tax on intrastate telecommunications services. Effective October 1, 1987.

APPENDIX C (continued)

**Summary of Legislative Changes to the Texas Sales and Use Tax Rate and Base**

Provided stricter requirements for proof of export for items purchased in Texas and exported outside the United States. Effective August 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 October 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 August 26, 1985.

Exempted gold and silver medallions designated as official sesquicentennial commemorative medallions by the Texas 1986 Sesquicentennial Commission. Effective August 26, 1985.

Amended the exemption for certain sales to or by Indian tribes to include the Kickapoo Indians. Effective September 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 August 26, 1985.

Transferred the language concerning the required date payment and the additional 10 percent penalty assessed under a deficiency determination to the General Provisions, Section 111.0081, and changed the date payment as required. Effective August 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 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, 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 December 4, 1986.

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 September 7, 1986.

**1986 The 69th Legislature, Third Called Session**

Until August 31, 1987, increased the state Sales and Use tax rate to 5.25 percent, with the rate reverting to 4.125 percent on September 1, 1987. Effective January 1, 1987. (Note: The rate did not revert in 1987. Instead, the rate was raised on October 1, 1987 to 6 percent.)

Provided a prior-contract exemption from the increase in the state tax rate. The exemption expired on September 30, 1987. Effective January 1, 1987.

Enacted the County Sales and Use Tax Act authorizing qualifying counties to impose a tax at a rate of 0.5 percent, or 1 percent if no incorporated city exists within the county. Revenues must be used to reduce property taxes. Effective January 1, 1987.

Provided for an additional 0.5 percent city tax to be imposed by cities for property tax relief. Effective January 1, 1987.

## APPENDIX C (continued)

**Summary of Legislative Changes to the  
Texas Sales and Use Tax Rate and Base**

Provided for an additional 0.25 percent or 0.5 percent sales and use tax to be imposed by qualifying cities to fund a metropolitan transit department. Effective January 1, 1987.

**1987 The 70th Legislature**

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 percent 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 August 31, 1987.

**1987 The 70th Legislature, Second Called Session**

*(All changes effective October 1, 1987 unless otherwise indicated)*

Increased the state Sales and Use tax rate to 6 percent.

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 January 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 January 1, 1988.

Added for-profit country clubs to amusement services.

Provided that food sales through a vending machine are taxable at 50 percent of total gross receipts, except soft drinks and candy, which are taxable at 100 percent 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).

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.

APPENDIX C (continued)

**Summary of Legislative Changes to the  
Texas Sales and Use Tax Rate and Base**

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.

**1989 The 71st Legislature**

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 August 28, 1989.

Provided an exemption for purchases by certain cooperative research and development ventures (MCC and Sematech of Austin). Effective August 28, 1989.

Provided special export procedures for maquiladora enterprises. Effective June 14, 1989.

Provided an exemption for temporary help services. Effective October 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 October 1, 1989.

Provided an exemption for sales of certain items through coin-operated bulk vending machines for 25 cents or less. Effective October 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 October 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.

## APPENDIX C (continued)

## Summary of Legislative Changes to the Texas Sales and Use Tax Rate and Base

Reinstated the "storage and use" exclusion to Section 151.011. Effective October 1, 1989.

Provided an exemption for lawn care services provided by certain individuals 65 years and older. Effective October 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 August 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 September 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 August 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 September 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 August 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 August 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 January 1, 1990.

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

Allowed all hospital districts to impose local tax if approved by voters. Effective September 1, 1989.

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

Increased the state Sales and Use tax rate to 6.25 percent from 6 percent. Provided a prior-contract exemption. Effective July 1, 1990.

### 1991 The 72nd Legislature

Provided motor vehicle repairers operating under separated contracts a resale exemption for consumable supplies resold to customers. Effective October 1, 1991.

Established June 30, 1993 as the expiration date for the prior-contract exemption on the 6.25 percent 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 (non-profit financing corporations issuing revenue bonds for the super-conducting super collider research facility). Effective September 1, 1991.

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

*(All changes effective October 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 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).

APPENDIX C (continued)

**Summary of Legislative Changes to the  
Texas Sales and Use Tax Rate and Base**

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 non-profit 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 non-profit 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 October 1, 1993.

Amended Section 151.0048 to exclude from "garbage" hazardous waste, industrial solid waste, waste from oil fields, and sewage. Effective September 1, 1991.

Provided a prior-contract exemption for the change to Section 151.311 only for contracts signed on or before August 14, 1991. The exemption expired August 14, 1994.

**1993 The 73rd Legislature**

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 September 1, 1993.

Amended Section 151.103 (Use tax) to make it the same as Section 151.052 (Sales tax). Effective October 1, 1993.

Changed "tangible personal property" to "taxable item" in Section 151.104. Effective September 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 September 1, 1993.

Amended Section 151.308 to put mobile offices under Chapter 151. Effective October 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 non-profit hospitals must meet to qualify for exemption from the Sales and Use tax. Effective August 30, 1993.

## APPENDIX C (continued)

**Summary of Legislative Changes to the Texas Sales and Use Tax Rate and Base**

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 non-profit hospitals if the contract was signed before October 1, 1993. The prior-contract exemption was not made a part of the Tax Code but was part of the enabling legislation. Effective October 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 September 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 October 1, 1993.

Repealed Section 151.318(c)(5) on wrapping and packaging. Effective October 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 September 1, 1993.

Amended Section 151.328 to allow an exemption certificate to be issued for aircraft purchased by nonresidents. Effective October 1, 1993.

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 October 1, 1987). Effective October 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 October 1, 1993.

Amended Sections 151.401 and 151.402 requiring electronic filers to file by August 20 on all sales made between August 1 and August 15. Effective September 1, 1994, it expired on January 1, 1996. (The Legislature gave the Comptroller 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 non-profit municipally-sponsored local government corporation. The amendment refunds 100 percent of the Sales and Use tax collected at the project to the hotel owner. Effective August 30, 1993.

Repealed Sections 151.502 and 151.706 concerning penalties. Effective September 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 September 1, 1993.

Amended Section 151.707 to increase penalties for intentionally giving invalid resale or exemption certificates. Effective September 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 September 1, 1993.

**1995 The 74th Legislature*****Senate Bill 640—effective October 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.

APPENDIX C (continued)

**Summary of Legislative Changes to the  
Texas Sales and Use Tax Rate and Base**

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 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.

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;
- to enable closely-held related corporations to qualify as an “original producer”;
- to allow a producer to qualify as an “original producer” so long as more than 95 percent of the products processed belong to that producer;
- to codify the definition of “farm or ranch” in Rule 3.296; and
- to 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;
- to correct subsection (m) to make it clear that the reduction in state taxes paid on machinery purchased in 1994 did not affect local taxes;
- to extend the exemption in subsection (n) to certain consumable supplies used by persons overhauling jet turbine engines; and
- to clarify the existing manufacturing exemptions and add additional exemptions for semiconductor “cleanroom equipment” and supplies.



## APPENDIX C (continued)

**Summary of Legislative Changes to the Texas Sales and Use Tax Rate and Base**

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 September 1, 1995***

Added Section 111.110 to allow the owner of certain real estate transferred to the University of Houston on or before August 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.

***Senate Bill 345—effective September 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 September 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 October 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.

APPENDIX C (continued)

**Summary of Legislative Changes to the  
Texas Sales and Use Tax Rate and Base**

***House Bill 467—effective October 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.

***House Bill 2065—effective September 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 August 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 October 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 September 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 to share information with a Mexican tax official.

***Senate Bill 737—effective October 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 September 1, 1995***

Amended the provisions of Section 151.310 that require most non-profit 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.

## APPENDIX C (continued)

**Summary of Legislative Changes to the Texas Sales and Use Tax Rate and Base****1997 The 75th Legislature*****House Bill 92—effective September 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 percent, to be imposed in increments of 1/8th percent. [It is possible that enacting a sales and use tax under this new law 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 percent), 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 October 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 intraplant transportation equipment—specifically including piping and conveyor systems—is taxable.

***House Bill 1445—effective September 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 September 1, 1997 and October 1, 1997***

Defined telephone prepaid calling cards as tangible personal property, effective September 1, 1997. Amended the exemption for certain tax-free fund raising functions to limit the exemption to items costing \$5,000 or less, effective October 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 September 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 October 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 September 1, 1997), which authorized the creation of library districts and the imposition of a sales and use tax not to exceed 0.5 percent; and House Bill 758 (effective May 20, 1997), which allowed hospital districts to impose sales taxes in additional increments of 1/8th percent, up to 2 percent.

## APPENDIX C (continued)

**Summary of Legislative Changes to the  
Texas Sales and Use Tax Rate and Base****1999 The 76th Legislature*****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.

***House Bill 871—effective July 1, 1999***

Added Section 151.343 to exempt the sale of an animal by a non-profit 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 October 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 on October 1, 2001.

***Senate Bill 441******Internet Access—effective October 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 October 1, 1999***

Added Section 151.351 to exempt 20 percent of the value of information and data processing services from tax. As a result, tax will be owed on 80 percent 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. 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 October 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 October 1, 2001, state and local sales and use taxes will be due on the covered items, but the purchaser will be entitled

## APPENDIX C (continued)

**Summary of Legislative Changes to the Texas Sales and Use Tax Rate and Base**

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 percent of the amount of tax paid, increasing to 50 percent and then 75 percent. On January 1, 2008, the relevant items will become completely exempt.

**2001 The 77th Legislature*****House Bill 82—effective October 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 September 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 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 September 1, 2001***

Amended Section 151.429 and 151.4291 for enterprise projects designated after September 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 September 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 waste water systems.

***Senate Bill 5—effective September 1, 2001***

Added Section 151.0515 to include a surcharge of 1 percent on the purchase, rental, or lease of off-road, heavy-duty, diesel-powered construction equipment.

***Senate Bill 1125—effective September 1, 2001 and October 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 September 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 October 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 October 1, 2001).

APPENDIX C (continued)

**Summary of Legislative Changes to the Texas Sales and Use Tax Rate and Base**

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; and
- photographic props are not taxable when sold to professional photographers or printers.

***Senate Bill 1497—effective August 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 percent 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 over 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 percent to 0.5 percent (in 0.125 percent increments).

**2003 The 78th Legislature**

***House Bill 109—effective January 1, 2004***

Added Section 151.1575 to allow custom brokers to issue export documentation after examining a passport or other acceptable foreign photo ID; to require the purchaser to produce the property and original receipt; and to 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 August 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.

***House Bill 2425—effective October 1, 2003***

Amended Section 151.314 to exempt as food products fruit drinks containing more than 50 percent juice and to exempt individual-sized bakery items, such as doughnuts and cookies sold without plates or eating utensils even if sold in quantities of five or less.

## APPENDIX C (continued)

**Summary of Legislative Changes to the Texas Sales and Use Tax Rate and Base**

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 January 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 September 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 upon 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 September 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 upon the specific services provided to the customer.

**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 September 1, 2007**

Added Section 151.433 to allow the Comptroller, 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).]

APPENDIX C (continued)

**Summary of Legislative Changes to the  
Texas Sales and Use Tax Rate and Base**

***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 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 September 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 September 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 January 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 January 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 student 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 September 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.



## APPENDIX C (continued)

## Summary of Legislative Changes to the Texas Sales and Use Tax Rate and Base

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 federal Food and Drug Administration.

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 September 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 August 31, 2004. This bill deletes the minimum \$150 million value requirement and the requirement that construction begin before August 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 Federal Aviation Administration regulations.

### *House Bill 3693—effective September 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 \$6000), clothes washers, ceiling fans, dehumidifiers, dishwashers, incandescent or fluorescent light bulbs, programmable thermostats and refrigerators (priced under \$2000) that are designated as Energy Star products by the federal government.

### *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 August 31, 2013.

## **2009 The 81st Legislature, Regular Session**

### *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.; or
- installation, maintenance or use of a non-pesticidal barrier to remove or prevent infestation by nuisance animals.

APPENDIX C (continued)

**Summary of Legislative Changes to the  
Texas Sales and Use Tax Rate and Base**

***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.

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 percent of its annual revenue from destination management services; is not a caterer or wedding planner; does not own entertainment venues; spends at least 1 percent of its gross receipts on marketing Texas destinations and recruits at least 80 percent 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; or
- 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; or
- crop dusting, pollination or seeding.

***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

## APPENDIX C (continued)

**Summary of Legislative Changes to the Texas Sales and Use Tax Rate and Base**

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. The registration number must be provided on an agricultural or timber production exemption certificate issued to a seller. Effective January 1, 2012.

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.

***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 September 1, 2014.

APPENDIX C (continued)

**Summary of Legislative Changes to the  
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**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 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.

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 percent 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

## APPENDIX C (continued)

**Summary of Legislative Changes to the Texas Sales and Use Tax Rate and Base**

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 (GAAP), 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.

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 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.

APPENDIX C (concluded)

**Summary of Legislative Changes to the  
Texas Sales and Use Tax Rate and Base**

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;
- snack mix and trail mix;
- nuts, unless candy-coated;
- popcorn; and
- 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.

## APPENDIX D-1

## State Tax Collection Comparisons for Fiscal 2012 Ranked by Per Capita Tax Collections

Rank	State	State Tax Collections (in millions)	Per Capita State Tax Collections
1	Alaska	\$7,049	\$9,638
2	North Dakota	5,620	8,033
3	Wyoming	2,551	4,426
4	Vermont	2,757	4,405
5	Connecticut	15,420	4,295
6	Hawaii	5,516	3,962
7	Minnesota	20,561	3,822
8	Delaware	3,360	3,664
9	New York	71,546	3,656
10	Massachusetts	22,806	3,431
11	New Jersey	27,456	3,097
12	California	112,372	2,954
13	Maryland	17,064	2,900
14	West Virginia	5,356	2,887
15	Maine	3,777	2,842
16	Illinois	36,438	2,830
17	Arkansas	8,288	2,810
18	Rhode Island	2,805	2,671
19	Pennsylvania	32,950	2,582
20	Wisconsin	14,748	2,575
21	Kansas	7,418	2,571
22	Washington	17,625	2,555
23	Iowa	7,832	2,548
24	Nevada	6,775	2,456
25	Montana	2,459	2,447
26	New Mexico	5,088	2,440
27	Michigan	23,969	2,425
28	Indiana	15,705	2,402
29	Kentucky	10,473	2,391
30	Nebraska	4,358	2,349
31	Mississippi	6,953	2,329
32	North Carolina	22,713	2,329
33	Oklahoma	8,826	2,314
34	Ohio	25,924	2,246
35	Oregon	8,700	2,231
36	Virginia	18,138	2,216
37	Idaho	3,374	2,115
38	Utah	5,810	2,035
39	Arizona	12,973	1,980
40	Colorado	10,251	1,976
41	Louisiana	8,994	1,954
42	Alabama	9,053	1,877
43	<b>Texas</b>	<b>48,597</b>	<b>1,865</b>
44	Tennessee	11,982	1,856
45	South Dakota	1,521	1,826
46	Missouri	10,801	1,794
47	Florida	32,997	1,708
48	South Carolina	8,036	1,701
49	Georgia	16,577	1,671
50	New Hampshire	2,206	1,671
	<b>All States</b>	<b>\$794,568</b>	<b>\$2,536</b>
	<b>U.S. Average</b>	<b>\$15,891</b>	<b>\$2,536</b>

Note: The Per Capita measure uses 2012 population estimate data from the Census.  
Source: Federation of Tax Administrators

APPENDIX D-2

State Tax Rate Comparisons as of January 2013

State	Sales and Use		Motor Vehicle Sales		Motor Vehicle Rental		Cigarette (pack of 20)		Gasoline (per gallon)		Diesel Fuel (per gallon)	
	Rate	Rank	Rate	Rank	Rate	Rank	Rate	Rank	Rate	Rank	Rate	Rank
Alabama	4.00 %	38	2.00 %	45	1.50 %	50	\$ 0.425	46	16.0 ¢	41	19.0 ¢	32
Alaska	none	46	none	46	10.00	2	2.00	10	8.0	48	8.0	47
Arizona	6.60	9	6.60	8	5.00	30	2.00	10	18.0	33	26.0	12
Arkansas	6.00	16	6.00	15	10.00	2	1.15	30	21.5	23	22.5	21
California	7.50	1	7.50	1	7.50	14	0.87	32	36.0	3	10.0	46
Colorado	2.90	45	2.90	44	2.90	46	0.84	33	22.0	21	20.5	28
Connecticut	6.35	11	6.35/7 <sup>1</sup>	6	varies	9	3.40	3	25.0	12	51.2	1
Delaware	none	46	none	46	2.01	49	1.60	21	23.0	18	22.0	23
Florida	6.00	16	6.00	15	6.00	20	1.339	26	4.0	50	4.0	50
Georgia	4.00	38	4.00	35	4.00	39	0.37	47	7.5	49	7.5	49
Hawaii	4.00	38	4.17	34	4.17	38	3.20	4	17.0	38	17.0	36
Idaho	6.00	16	6.00	15	6.00	20	0.57	41	25.0	12	25.0	15
Illinois	6.25	13	6.25	12	5.00	30	1.98	15	19.0	30	21.5	25
Indiana	7.00	2	7.00	2	4.00	39	1.980	15	18.0	33	16.0	39
Iowa	6.00	16	5.00	25	5.00	30	1.36	25	21.0	24	22.5	21
Kansas	6.30	12	6.30	11	3.50	45	0.79	35	24.0	16	26.0	12
Kentucky	6.00	16	6.00	15	6.00	20	0.60	39	28.5	8	25.5	14
Louisiana	4.00	38	4.00	35	2.50	47	0.36	48	20.0	28	20.0	30
Maine	5.00	31	5.00	25	10.00	2	2.00	10	30.0	6	31.2	5
Maryland	6.00	16	6.00	15	11.50	1	2.00	10	23.5	17	24.25	19
Massachusetts	6.25	13	6.25	12	6.25	18	2.51	9	21.0	24	21.0	26
Michigan	6.00	16	6.00	15	6.00	20	2.00	10	19.0	30	15.0	41
Minnesota	6.875	7	6.50	9	6.200	19	1.23	28	28.5	8	28.5	8
Mississippi	7.00	2	5.00	25	6.00	20	0.68	36	18.0	33	18.0	33
Missouri	4.225	37	4.225	33	4.225	37	0.17	50	17.0	38	17.0	36
Montana	none	46	none	46	4.00	39	1.70	17	27.0	11	27.75	10
Nebraska	5.50	28	5.50	23	5.50	28	0.64	37	24.6	14	24.6	17
Nevada	6.85	8	6.85	7	6.85	17	0.80	34	23.0	18	27.0	11
New Hampshire	none	46	none	46	9.00	10	1.68	19	18.0	33	18.0	33
New Jersey	7.00	2	7.00	2	7.00	15	2.70	6	10.5	46	13.5	42
New Mexico	5.125	30	3.00	41	5.00	30	1.66	20	17.0	38	21.0	26
New York	4.00	38	4.00	35	4.00	39	4.35	1	8.0	47	8.0	47
North Carolina	4.75	35	3.00	41	8.00	12	0.45	44	37.5	1	37.5	2
North Dakota	5.00	31	5.00	25	5.00	30	0.44	45	23.0	18	23.0	20
Ohio	5.50	28	5.50	23	5.50	28	1.25	27	28.0	10	28.0	9
Oklahoma	4.50	36	3.25	40	6.00	20	1.03	31	16.0	41	13.0	43
Oregon	none	46	none	46	none	47	1.18	29	30.0	6	30.0	7
Pennsylvania	6.00	16	6.00	15	8.00	12	1.60	21	12.0	45	12.0	45
Rhode Island	7.00	2	7.00	2	7.00	15	3.50	2	32.0	4	32.0	4
South Carolina	6.00	16	5.00	25	6.00	20	0.57	41	16.0	41	16.0	39
South Dakota	4.00	38	3.00	41	10.00	2	1.53	23	22.0	21	22.0	23
Tennessee	7.00	2	7.00	2	10.00	2	0.62	38	20.0	28	17.0	36
<b>TEXAS</b>	<b>6.25</b>	<b>13</b>	<b>6.25</b>	<b>14</b>	<b>10.00</b>	<b>2</b>	<b>1.41</b>	<b>24</b>	<b>20.0</b>	<b>27</b>	<b>20.0</b>	<b>30</b>
Utah	5.95	27	4.70	32	2.50	47	1.70	17	24.5	15	24.5	18
Vermont	6.00	16	6.00	15	9.00	10	2.62	7	19.0	30	25.0	15
Virginia	5.00	31	4.00	35	4.00	39	0.30	49	17.5	37	17.5	35
Washington	6.50	10	6.50	9	5.90	27	3.025	5	37.5	1	37.5	2
West Virginia	6.00	16	5.00	25	5.00	30	0.55	43	20.5	26	20.5	28
Wisconsin	5.00	31	5.00	25	5.00	30	2.52	8	30.9	5	30.9	6
Wyoming	4.00	38	4.00	35	4.00	39	0.60	39	13.0	44	13.0	43
<b>National Average</b>	<b>5.63 %</b>		<b>5.28 %</b>		<b>5.99 %</b>		<b>\$ 1.48</b>		<b>21.2 ¢</b>		<b>21.6 ¢</b>	

\* Not comparable

Footnotes:

<sup>1</sup> 6.35% for motor vehicles sold for less than \$50,000. 7% for all other motor vehicles.

<sup>2</sup> All wine sales are through state stores. Revenue in these states is generated from various taxes, fees and net profiles.

<sup>3</sup> In these 18 states, liquor (distilled spirits) is sold only in state stores. State revenue is generated from various taxes, fees, and profits.

Sources: CCH, Inc.; Federation of Tax Administrators; and various state government websites



APPENDIX D-2 (concluded)

State Tax Rate Comparisons as of January 2013

State	Liquefied Gas (per gallon)		Beer (per gallon)		Wine (per gallon)		Liquor (per gallon)		Malt Liquor/Ale (per gallon)	
	Rate	Rank	Rate	Rank	Rate	Rank	Rate	Rank	Rate	Rank
Alabama	21.25 c	34	\$ 0.53	6	\$ 1.70	4	\$ <sup>3</sup>	33	\$ 1.05	2
Alaska	26.28	12	1.07	1	2.50	1	12.80	1	1.07	1
Arizona	27.59	7	0.16	30	0.84	20	3.00	21	0.16	30
Arkansas	20.51	38	0.23	21	0.75	21	2.50	24	0.24	20
California	25.45	20	0.20	23	0.20	45	3.30	19	0.20	23
Colorado	23.14	29	0.08	44	0.28	42	2.28	29	0.08	44
Connecticut	27.14	8	0.24	20	0.72	22	4.50	11	0.24	20
Delaware	25.70	19	0.16	30	0.97	14	5.46	9	0.16	30
Florida	26.64	10	0.48	7	2.25	2	6.50	3	0.48	8
Georgia	22.56	31	0.32	13	1.51	6	3.79	15	1.01	3
Hawaii	29.43	3	0.93	2	1.38	9	5.98	6	0.93	4
Idaho	24.23	25	0.15	34	0.45	34	<sup>3</sup>	33	0.15	34
Illinois	22.05	33	0.231	22	1.39	8	8.55	2	0.23	22
Indiana	19.35	42	0.115	40	0.47	33	2.68	23	0.115	40
Iowa	19.35	42	0.19	26	1.75	3	<sup>3</sup>	33	0.19	26
Kansas	19.23	44	0.18	28	0.30	38	2.50	24	0.18	27
Kentucky	20.86	37	0.08	44	0.50	31	1.92	31	0.08	44
Louisiana	12.55	50	0.32	13	0.11	46	2.50	24	0.32	14
Maine	25.80	17	0.35	12	0.60	26	<sup>3</sup>	33	0.35	13
Maryland	27.85	6	0.09	43	0.40	36	1.50	32	0.09	43
Massachusetts	28.90	4	0.11	41	0.55	28	4.05	13	0.11	41
Michigan	24.53	22	0.20	23	0.51	30	<sup>3</sup>	33	0.20	23
Minnesota	20.35	39	0.15	34	0.30	38	5.03	10	0.15	34
Mississippi	23.78	27	0.427	8	0.35	37	<sup>3</sup>	33	0.427	9
Missouri	19.93	41	0.06	48	0.42	35	2.00	30	0.06	48
Montana	21.08	36	0.14	36	1.06	11	<sup>3</sup>	33	0.14	36
Nebraska	18.28	47	0.31	15	0.95	15	3.75	16	0.31	15
Nevada	26.62	11	0.16	30	0.70	24	3.60	18	0.16	30
New Hampshire	26.06	14	0.30	16	<sup>2</sup>	47	<sup>3</sup>	33	0.30	16
New Jersey	31.12	2	0.12	39	0.875	18	5.50	8	0.12	39
New Mexico	16.68	48	0.41	9	1.70	4	6.06	5	0.41	11
New York	28.27	5	0.14	36	0.30	38	6.44	4	0.14	36
North Carolina	24.06	26	0.62	5	1.00	12	<sup>3</sup>	33	0.62	7
North Dakota	18.61	46	0.16	30	0.50	31	2.50	24	0.16	30
Ohio	24.50	23	0.18	27	0.30	38	<sup>3</sup>	33	0.18	27
Oklahoma	20.13	40	0.40	11	0.72	23	5.56	7	0.40	12
Oregon	24.27	24	0.08	44	0.67	25	<sup>3</sup>	33	0.08	44
Pennsylvania	25.71	18	0.08	44	<sup>2</sup>	47	<sup>3</sup>	33	0.08	44
Rhode Island	31.20	1	0.10	42	0.60	26	3.75	16	0.10	42
South Carolina	24.97	21	0.77	3	0.90	17	2.72	22	0.77	5
South Dakota	18.77	45	0.27	17	0.93	16	3.93	14	0.27	17
Tennessee	26.19	13	0.14	36	1.21	10	4.40	12	0.14	36
<b>TEXAS</b>	<b>12.77</b>	<b>49</b>	<b>0.20</b>	<b>23</b>	<b>0.20</b>	<b>44</b>	<b>2.40</b>	<b>28</b>	<b>0.198</b>	<b>25</b>
Utah	22.45	32	0.41	9	<sup>2</sup>	47	<sup>3</sup>	33	0.41	10
Vermont	27.09	9	0.265	18	0.55	28	<sup>3</sup>	33	0.265	18
Virginia	25.92	15	0.26	19	1.51	6	<sup>3</sup>	33	0.26	19
Washington	23.33	28	0.761	4	0.87	19	<sup>3</sup>	33	0.761	6
West Virginia	25.87	16	0.18	29	1.00	12	<sup>3</sup>	33	0.18	27
Wisconsin	21.16	35	0.06	48	0.25	43	3.25	20	0.06	48
Wyoming	22.96	30	0.02	50	<sup>2</sup>	47	<sup>3</sup>	33	0.02	50
<b>National Average</b>	<b>16.38 c</b>		<b>\$ 0.277</b>		<b>\$ 0.84</b>		<b>\$ 4.21</b>		<b>\$ 0.30</b>	

\* Not comparable

Footnotes:

<sup>1</sup> 6.35% for motor vehicles sold for less than \$50,000. 7% for all other motor vehicles.

<sup>2</sup> All wine sales are through state stores. Revenue in these states is generated from various taxes, fees and net profiles.

<sup>3</sup> In these 18 states, liquor (distilled spirits) is sold only in state stores. State revenue is generated from various taxes, fees, and profits.

Sources: CCH, Inc.; Federation of Tax Administrators; and various state government websites

APPENDIX D-3

State Corporate Business Tax Comparisons as of January 2013

State	Rate	Consolidated Reporting	Combined Reporting	S-Corporation Taxable Status Recognized
Alabama	6.5%	Yes	No	Yes
Alaska	1% to 9.4%	Yes	Yes	Yes
Arizona	6.968%	Yes	Yes	Yes
Arkansas	\$0 - 3,000: 1% \$3,001 - 6,000: 2% \$6,001 - 11,000: 3% \$11,001 - 25,000: 5% \$25,001 - 100,000: 6% over \$100,000: 6.5%	Yes	No	Yes
California	8.84%	No	Yes	Yes
Colorado	4.63%	Yes	Yes	Yes
Connecticut	7.5%	Yes	Yes	Yes
Delaware	8.7%	No	No	Yes
Florida	5.5%	Yes	No	Yes
Georgia	6%	Yes	No	Yes
Hawaii	\$0 - 25,000: 4.4% \$25,001 - 100,000: 5.4% \$100,001 or more: 6.4%	Yes	Yes	Yes
Idaho	7.4%	No	Yes	Yes
Illinois	7% plus 2.5% personal property replacement tax; S corporations 1.5% PPRT and no corporate income tax	No	Yes	Yes
Indiana	8% of adjusted gross income (7.5% effective July 2013)	Yes	Yes	Yes
Iowa	\$0 - 25,000: 6% \$25,001 - 100,000: 8% \$100,001 - 250,000: 10% \$250,001 or more: 12%	Yes	No	Yes
Kansas	\$0 - 50,000: 4% Over \$50,000: 7%	Yes	Yes	Yes
Kentucky	\$0 - 50,000: 4% \$50,001 - 100,000: 5% \$100,001 or more: 6%	Yes	No	Yes
Louisiana	\$0 - 25,000: 4% \$25,001 - 50,000: 5% \$50,001 - 100,000: 6% \$100,001 - 200,000: 7% \$200,001 or more: 8%	Yes	Yes	Yes
Maine	\$0 - 25,000: 3.5% \$25,001 - 75,000: \$875 + 7.93% over \$25,000 \$75,001 - 250,000: \$4,840 + 8.33% over \$75,000 \$250,001 or more: \$19,418 + 8.93% over \$250,000	No	Yes	Yes
Maryland	8.25%	No	No	Yes
Massachusetts	8% and businesses and manufacturing corporations pay an 0.26% tax on taxable tangible property or net worth. Both financial institutions and other corporations must pay the greater of their actual tax liability or the minimum tax of \$456	No	Yes	Yes
Michigan Business Tax	6.0%	Yes	Yes	Yes
Minnesota	9.8%	No	Yes	Yes
Mississippi	\$0 - 5,000: 3% \$5,001 - 10,000: 4% \$10,001 or more: 5%	No	Yes	Yes
Missouri	6.25%	Yes	No	Yes
Montana	6.75%; 7% for waters edge filers	Yes	Yes	Yes
Nebraska	\$0 - 100,000: 5.58% Over \$100,000: \$5,580 plus 7.81% of the amount over	Yes	Yes	Yes
Nevada	Does not impose a corporate income tax	—	—	—
New Hampshire	8.5% of taxable business profits for gross income over \$50,000	No	Yes	No
New Jersey	Net income of \$50,000 or less: 6.5% Greater than \$50,000 and up to \$100,000: 7.5% Greater than \$100,000: 9%	Yes	No	Yes

## APPENDIX D-3 (concluded)

## State Corporate Business Tax Comparisons as of January 2013

State	Rate	Consolidated Reporting	Combined Reporting	S-Corporation Taxable Status Recognized
New Mexico	Under \$500,000: 4.8% of net income \$500,000 - \$1,000,000: 6.4% Over \$1,000,000: 7.6%	Yes	Yes	Yes
New York	7.1% generally, 6.5% for qualified NY manufacturers and emerging technology companies (Entire Net Income (ENI) Base for general business tax)	No	Yes	Yes
North Carolina	6.9%	No	Yes	Yes
North Dakota	\$0 - \$25,000: 1.68% \$25,001 - 50,000: \$420 + 4.23% over \$25,000 Over \$50,000: \$1,477.50 + 5.15% over \$50,000	Yes	Yes	Yes
Ohio Commercial Activity Tax (CAT)	\$150 plus 0.26% on gross receipts over \$1,000,000	Yes	Yes	Yes
Oklahoma	6%	Yes	No	Yes
Oregon	6.6% of Oregon taxable income up to \$1 million plus 7.6% of taxable income over \$1 million	Yes	No	Yes
Pennsylvania	9.99%	No	No	Yes
Rhode Island	9%	Yes	No	Yes
South Carolina	5%	Yes	No	Yes
South Dakota	Does not impose a corporate income tax	—	—	—
Tennessee	6.5% plus 0.25% of the greater of net worth or real tangible property in Tennessee (minimum \$100)	No <sup>2</sup>	No <sup>2</sup>	No
Texas	0.5% for qualifying entities in retail or wholesale trade and 1% for all others	No	Yes <sup>3</sup>	No
Utah	5%	No <sup>4</sup>	Yes	Yes
Vermont	\$0 - \$10,000: 6% \$10,001 - 25,000: \$600 + 7% over \$10,000 Over \$25,000: \$1,650 + 8.5% over \$25,000	Yes	Yes	Yes
Virginia	6%	Yes	Yes <sup>5</sup>	Yes
Washington Business and Occupation Tax	Gross receipts tax rate varies from 0.13% - 3.3%	No	No	No
West Virginia	7.0%	Yes	Yes	Yes
Wisconsin	7.9%	No	Yes	Yes
Wyoming	Does not impose a corporate income tax	—	—	—

## Footnotes:

<sup>1</sup> California: Exception for affiliated railroads pursuant to California Revenue & Taxation Code § 23362

<sup>2</sup> Tennessee: Except for unitary groups of financial institutions, captive REIT affiliated groups, or business entities that have been required or permitted to file franchise and excise tax returns on a combined, consolidated or separate accounting basis, each taxpayer will be considered an separate and single business entity for Tennessee franchise and excise tax purposes.

<sup>3</sup> Texas: For purposes of computing the margin tax, "taxable entities that are part of an affiliated group engaged in a unitary business" must file a combined report.

<sup>4</sup> Utah: Only unitary groups can file on a consolidated basis

<sup>5</sup> Virginia: Water's edge combined reporting allowed for affiliated corporations

Sources: CCH, Inc. 2012 Multistate Corporate Tax Guide; Federation of Tax Administrators; and Tax Foundation

## APPENDIX E-1

## State Professional Fees Detail as of Fiscal 2013

Occupation	Year Enacted	Legal Citation	Administering Agency	Rate Limit (excluding \$200 increase)	\$200 Fee Increase
Accountants	1915	Texas Occupations Code, § 901.154	Texas State Board of Public Accountancy	Set by rule not to exceed statutory limitations	Yes
Acupuncture	1994	Texas Occupations Code, § 205.103	Texas Medical Board	Set by rule	No
Air Conditioning & Refrigeration Contractors	1986	Texas Occupations Code, § 1302.256	Texas Department of Licensing and Regulation	Set by rule	No
Architects	1937	Texas Occupations Code, § 1051.651	Texas Board of Architectural Examiners	Set by rule; certain fees not to exceed statutory limitations	Yes
Asbestos Removal	1988	Texas Occupations Code, § 1954.056	Department of State Health Services	Set by rule not to exceed statutory limitations	No
Assessors	1977	Texas Occupations Code, § 1151.158	Board of Tax Professional Examiners	Set by rule not to exceed statutory limitations	No
Athlete Agents—Registration	1988	Texas Occupations Code, § 2051.051	Secretary of State	Set by rule	No
Athletic Trainers	1972	Texas Occupations Code, § 451.106	Department of State Health Services	Set by rule	No
Auctioneers	1975	Texas Occupations Code, § 1802.054	Texas Department of Licensing and Regulation	Set by rule	No
Barbers	1929	Texas Occupations Code, Chapter 1601.251	Texas Department of Licensing and Regulation	Set by rule	No
Cemeteries	2001	Texas Occupations Code, § 651.154	Texas Funeral Service Commission	Set by rule	No
Certified Medication Aides	1983	Texas Health & Safety Code, § 242.611	Department of Aging and Disability Services	Set by rule not to exceed statutory limitations	No
Chemical Dependency Counselors	1992	Texas Occupations Code, § 504.053	Department of State Health Services	Set by rule not to exceed statutory limitations	No
Chiropractors	1950	Texas Occupations Code, § 201.153	Texas Board of Chiropractic Examiners	Set by rule, but not less than the fee on September 1, 1993	Yes
Code Enforcement Officers	1992	Texas Occupations Code, § 1952.052	Department of State Health Services	Set by rule	No
Cosmetologists	1935	Texas Occupations Code, §§ 1602.262, 1602.302-1602.306	Texas Department of Licensing and Regulation	Set by rule	No
Court Interpreters	2002	Texas Government Code, § 57.022	Department of Assistive & Rehabilitative Services; Texas Department of Licensing and Regulation	Set by rule	No
Court Reporters	1977	Texas Government Code, § 52.013	Court Reporters Certification Board	Set by rule with Supreme Court approval	No
Crematories	2001	Texas Occupations Code, § 651.656	Texas Funeral Service Commission	Set by rule	No
Customs Brokers	1993	Texas Tax Code, § 151.157	Texas Comptroller of Public Accounts	\$300	No
Dental Assistants—Certificate	2001	Texas Occupations Code, §§ 254.004 and 265.004	State Board of Dental Examiners	Set by rule, but not less than the fee on September 1, 1993	No
Dental Assistants—Registration	2004	Texas Occupations Code, §§ 254.004 and 265.004	State Board of Dental Examiners	Set by rule, but not less than the fee on September 1, 1993	No
Dental Hygienists	1951	Texas Occupations Code, §§ 254.004 and 257.002	State Board of Dental Examiners	Set by rule, but not less than the fee on September 1, 1993	No
Dental Laboratories	1959	Texas Occupations Code, §§ 254.004 and 266.153	State Board of Dental Examiners	Set by rule, but not less than the fee on September 1, 1993	No
Dentists	1919	Texas Occupations Code, §§ 254.004 and 257.002	State Board of Dental Examiners	Set by rule, but not less than the fee on September 1, 1993	Yes
Dieticians	1983	Texas Occupations Code, § 701.154	Department of State Health Services	Set by rule, but not less than the fee on September 1, 1993	No

APPENDIX E-1 (continued)

**State Professional Fees Detail as of Fiscal 2013**

Occupation	Year Enacted	Legal Citation	Administering Agency	Rate Limit (excluding \$200 increase)	\$200 Fee Increase
Discount Health Care Programs	2008	Texas Insurance Code, Ann. § 7001.006	Texas Department of Insurance	Set by rule not to exceed statutory limitations	No
Dry Cleaning Facilities	2003	Texas Health & Safety Code, § 374.102	Texas Commission on Environmental Quality	Set by statute	No
Electricians	2004	Texas Occupations Code, § 1305.103	Texas Department of Licensing and Regulation	Set by rule	No
Electronic Security Devices	2003	Texas Occupations Code, §§ 1702.062, 1702.302 and 1702.307	Department of State Health Services	Set by rule not to exceed statutory limitations	No
Elevator Inspection	1994	Texas Health & Safety Code, § 754.015	Texas Department of Licensing and Regulation	Set by rule	No
Emergency Medical Services	1984	Texas Health & Safety Code, §§ 773.055 and 773.057	Department of State Health Services	Set by rule not to exceed statutory limitations	No
Fire Alarm & Fire Detection Devices	1975	Texas Insurance Code, § 6002.054	Texas Department of Insurance	Set by rule not to exceed statutory limitations	No
Fire Extinguishers	1971	Texas Insurance Code, § 6002.054	Texas Department of Insurance	Set by rule not to exceed statutory limitations	No
Fire Protection Personnel	1983	Texas Government Code, § 419.026 and 419.071	Texas Commission on Fire Protection	Set by rule not to exceed statutory limitations	No
Fire Protection Sprinkler Systems	1984	Texas Insurance Code, Ann. § 6003.055	Texas Department of Insurance	Set by rule not to exceed statutory limitations	No
Fireworks	1958	Texas Occupations Code, § 2154.051	Texas Department of Insurance	Set by rule not to exceed statutory limitations	No
Food Managers	2002	Texas Health & Safety Code, § 438.106	Department of State Health Services	Set by rule not to exceed statutory limitations	No
Funeral Directors, Embalmers & Funeral Establishments	1903	Texas Occupations Code, § 651.154	Texas Funeral Service Commission	Set by rule	No
Geoscientists	2003	Texas Occupations Code, § 1002.152	Texas Board of Professional Geoscientists	Set by rule	No
Handgun Trainers	1995	Texas Government Code, § 411.190	Texas Department of Public Safety	\$100	No
Health Service Providers—Registry	1989	Texas Health & Safety Code, § 12.014	Department of State Health Services	Set by rule	No
Hearing Aid	1970	Texas Occupations Code, § 402.106	Department of State Health Services	Set by rule	No
Home Health Medication Aides	1990	Texas Health & Safety Code, § 142.026	Department of Aging and Disability Services	Set by rule not to exceed statutory limitations	No
Identity Recovery Service Contract Provider	2009	Texas Occupations Code, §§ 1306.054 and 1304.1035	Texas Department of Licensing and Regulation	Set by rule	
Industrial Homework—Homeworker's Certificate	1937	Texas Health & Safety Code, § 143.003	Department of State Health Services	\$50 per employer and not to exceed \$0.50 per employee annually	No
Interior Design	1992	Texas Occupations Code, § 1053.052	Texas Board of Architectural Examiners	Set by rule	Yes
Interpreters for the Deaf	1979	Texas Human Resources Code, § 81.006	Department of Assistive and Rehabilitative Services	Set by rule	No
Irrigators and Installers	1974	Texas Occupations Code, § 1903.251; Texas Water Code, § 37.009	Texas Commission on Environmental Quality	Set by rule	No
Land Surveyors	1955	Texas Occupations Code, § 1071.1526	Texas Board of Professional Land Surveying	Set by rule	Yes
Landscape Architects	1969	Texas Occupations Code, § 1052.054	Texas Board of Architectural Examiners	Set by rule not to exceed statutory limitations	Yes
Law Enforcement Personnel	1983	Texas Occupations Code, § 1701.154	Texas Commission on Law Enforcement Officer Standards and Education	Set by rule	No
Legal Service Contract Sales	2004	Texas Occupations Code, § 953.053	Texas Department of Licensing and Regulation	Set by rule; certain fees by statute	No

APPENDIX E-1 (continued)  
**State Professional Fees Detail as of Fiscal 2013**

Occupation	Year Enacted	Legal Citation	Administering Agency	Rate Limit (excluding \$200 increase)	\$200 Fee Increase
Licensed Professional Counselors	1981	Texas Occupations Code, § 503.202	Department of State Health Services	Set by rule, but not less than the fee on September 1, 1993	No
Licensed Vocational Nurses	1951	Texas Occupations Code, § 301.155	Board of Nurse Examiners	Set by rule, but not less than the fee on September 1, 1993	No
Life & Viatical Settlements	1995	Texas Insurance Code, §§ 1111.004 and 1111A.003	Texas Department of Insurance	Set by rule not to exceed statutory limitations	No
Lobbyists—Registration	1988	Texas Government Code, § 305.005	Texas Ethics Commission	\$100 or \$500	No
Locksmiths	2004	Texas Occupations Code, §§ 1702.062, 1702.302 and 1702.307	Texas Department of Public Safety	Set by rule not to exceed statutory limitations	No
Marriage & Family Therapists	1992	Texas Occupations Code, § 502.153	Department of State Health Services	Set by rule, but not less than the fee on September 1, 1993	No
Massage Therapy	1986	Texas Occupations Code, § 455.153	Department of State Health Services	Set by rule	No
Medical Physicists	1992	Texas Occupations Code, § 602.151	Department of State Health Services	Set by rule	No
Medical Radiologic Technologists	1988	Texas Occupations Code, § 601.057	Department of State Health Services	Set by rule	No
Membership Camping Operators	1987	Texas Property Code, § 222.010	Secretary of State	Set by rule	No
Metal Recycling Entities	2008	Texas Occupations Code, § 1956.014	Texas Department of Public Safety	Set by rule not to exceed statutory limitations	No
Midwives	1983	Texas Occupations Code, § 203.152	Department of State Health Services	Set by rule, but not less than the fee on September 1, 1993	No
Mold Assessors & Remediators	2004	Texas Occupations Code, § 1958.055	Department of State Health Services	Set by rule not to exceed statutory limitations	No
Non-Profit Health Organizations	1971	Texas Occupations Code, § 153.051	Texas Medical Board	Set by rule not to exceed statutory limitations, but not less than the fee on September 1, 1993	No
Notary Public—Commission	1881	Texas Government Code, § 406.007	Secretary of State	\$21	No
Occupational Therapists & Occupational Therapy Facilities	1983	Texas Occupations Code, § 454.104	Executive Council of Physical Therapy and Occupational Therapy Examiners	Set by rule, but not less than the fee on September 1, 1993	No
Opticians	1992	Texas Occupations Code, § 352.054	Department of State Health Services	Set by rule not to exceed statutory limitations	No
Optometrists & Therapeutic Optometrists	1921	Texas Occupations Code, § 351.152	Texas Optometry Board	Set by rule, but not less than the fee on September 1, 1993	Yes
Orthotists & Prosthetists	1998	Texas Occupations Code, § 605.152	Department of State Health Services	Set by rule	No
Perfusionists	1994	Texas Occupations Code, § 603.154	Department of State Health Services	Set by rule	No
Personal Emergency Response Systems	1971	Texas Health & Safety Code, § 781.051	Department of State Health Services	Set by rule	No
Pesticide Applicators for Health-Related Pest Control	1976	Texas Agriculture Code, §§ 76.108 and 76.109	Department of Agriculture	Set by rule	No
Pharmacies & Pharmacists	1929	Texas Occupations Code, § 554.006	Texas State Board of Pharmacy	Set by rule	No
Pharmacy Technicians	2001	Texas Occupations Code, § 568.005	Texas State Board of Pharmacy	Set by rule	No
Physical Therapists	1972	Texas Occupations Code, § 453.104	Executive Council of Physical Therapy and Occupational Therapy Examiners	Set by rule, but not less than the fee on September 1, 1993	No
Physician Assistants	1994	Texas Occupations Code, § 204.103	Texas Medical Board	Set by rule	No

APPENDIX E-1 (continued)

State Professional Fees Detail as of Fiscal 2013

Occupation	Year Enacted	Legal Citation	Administering Agency	Rate Limit (excluding \$200 increase)	\$200 Fee Increase
Physicians	1908	Texas Occupations Code, § 153.051	Texas Medical Board	Not to exceed statutory limits, but not less than the fee on September 1, 1993	Yes
Plumbers	1947	Texas Occupations Code, § 1301.253	State Board of Plumbing Examiners	Set by rule	No
Podiatrists	1923	Texas Occupations Code, § 202.153	Texas State Board of Podiatric Examiners	Set by rule, but not less than the fee on September 1, 1993	No
Polygraph Examiners	1965	Texas Occupations Code, § 1703.202	Polygraph Examiners Board	Set in General Appropriations Act	No
Private Security Personnel	1969	Texas Occupations Code, §§ 1702.062, 1702.302 and 1702.307	Texas Department of Public Safety; Department of State Health Services	Set by rule not to exceed statutory limitations	No
Probation Officers	1990	Texas Human Resources Code, § 203.0082	Texas Juvenile Probation Commission	Set by rule, but presently no fee is charged	No
Professional Engineers	1937	Texas Occupations Code, § 1001.204	Texas Board of Professional Engineers	Set by rule	Yes
Professional Sanitarians	1966	Texas Occupations Code, § 1953.052	Department of State Health Services	Set by rule	No
Property Tax Consultants	1992	Texas Occupations Code, § 1152.154	Texas Department of Licensing and Regulation	Set by rule	Yes
Psychologists	1971	Texas Occupations Code, § 501.152	Texas Board of Examiners of Psychologists	Set by rule, but not less than the fee on September 1, 1993	Yes
Real Estate Appraisers	1989	Texas Occupations Code, § 1103.156; 22 TAC § 153.5	Texas Appraiser Licensing & Certification Board (independent subdivision of Texas Real Estate Commission)	Set by rule	No
Real Estate Brokers	1939	Texas Occupations Code, § 1101.152; 22 TAC § 535.01	Texas Real Estate Commission	Set by rule	Yes
Real Estate Easement or Right-of-Way Agents	1998	Texas Occupations Code, § 1101.152; 22 TAC § 535.01	Texas Real Estate Commission	Set by rule	No
Real Estate Inspectors	1981	Texas Occupations Code, § 1102.251	Texas Real Estate Commission	Set by rule	No
Real Estate Salespersons	1939	Texas Occupations Code, § 1101.152; 22 TAC § 535.01	Texas Real Estate Commission	Set by rule not to exceed statutory limitations	No
Registered Nurses	1909	Texas Occupations Code, § 301.155	Board of Nurse Examiners	Set by rule, but not less than the fee on September 1, 1993	No
Related Finance Company	2007	Texas Tax Code, § 152.0475	Texas Comptroller of Public Accounts	Set by rule not to exceed statutory limitations	
Repair Facilities	1994	Texas Occupations Code, § 2304.053	Texas Commission on Environmental Quality	\$50	No
Residential Service Companies	1979	Texas Occupations Code, § 1303.052; 22 TAC § 539.231	Texas Real Estate Commission	Set by rule	No
Respiratory Care Practitioners	1987	Texas Occupations Code, § 604.053	Department of State Health Services	Set by rule	No
Salvage Dealers	1996	Texas Occupations Code, § 2302.052	Texas Department of Motor Vehicles	Set by rule	No
Securities Act Personnel	1935	Texas Civil Statutes, Art. 581-35	State Securities Board	Not to exceed statutory limitations; certain fees set by statute	Yes
Service Contract Providers	2000	Texas Occupations Code, § 1304.103	Texas Department of Licensing and Regulation	Set by rule not to exceed statutory limitations	No
Sexually Oriented Businesses	2008	Texas Business & Commerce Code, § 102.052	Texas Comptroller of Public Accounts	\$5 per customer	No
Social Workers	1981	Texas Occupations Code, § 505.203	Department of State Health Services	Set by rule, but not less than the fee on September 1, 1993	No

APPENDIX E-1 (concluded)  
**State Professional Fees Detail as of Fiscal 2013**

Occupation	Year Enacted	Legal Citation	Administering Agency	Rate Limit (excluding \$200 increase)	\$200 Fee Increase
Solicitation—Public Safety	1993	Texas Occupations Code, §§ 1803.054 and 1803.055	Secretary of State	\$250 or \$500	No
Solicitation—Veterans	1993	Texas Occupations Code, §§ 1804.054 and 1804.055	Secretary of State	\$150 or \$500	No
Solid Waste Technicians	1981	Texas Health & Safety Code, § 361.027; Texas Water Code, § 37.009	Texas Commission on Environmental Quality	Set by rule	No
Speech-Language Pathologists & Audiologists	1984	Texas Occupations Code, § 401.204	Department of State Health Services	Set by rule	No
Staff Leasing	1994	Texas Labor Code, § 91.017	Texas Department of Licensing and Regulation	Set by rule	No
Structural Pest Control	1971	Texas Occupations Code, § 1951.309	Texas Department of Agriculture	Set by rule	No
Surgical Assistants	2002	Texas Occupations Code, § 206.208	Texas Medical Board	Set by rule	No
Talent Agencies	1990	Texas Occupations Code, §§ 51.202 and 51.408	Texas Department of Licensing and Regulation	Set by rule	No
Tax Assessors, Appraisers & Collectors	1977	Texas Occupations Code, § 1151.158	Board of Tax Professional Examiners	Set by rule not to exceed statutory limitations	No
Telephone Solicitors	1993	Texas Business & Commerce Code, § 302.106	Secretary of State	\$200	No
Temporary Common Worker Employers	1992	Texas Labor Code, § 92.014	Texas Department of Licensing and Regulation	Set by rule	No
Timeshare Regulation	1985	Texas Property Code, § 221.024; 22 TAC §543.3	Texas Real Estate Commission	Set by rule	No
Training and Regulation of HIV Counselors	1989	Texas Health & Safety Code, § 85.087	Department of State Health Services	Set by rule	No
Underground Storage Tank Installers	1990	Texas Water Code, §§ 26.452, 26.456 and 37.009	Texas Commission on Environmental Quality	Set by rule	No
Used Automotive Parts Recyclers	2009	Texas Occupations Code, § 2309.104	Texas Department of Licensing and Regulation	Set by rule	No
Vehicle Protection Product Warrantors	2002	Texas Occupations Code, § 2306.052	Texas Department of Licensing and Regulation	Set by rule not to exceed statutory limitations	No
Veterinarians	1911	Texas Occupations Code, § 801.154	State Board of Veterinary Medical Examiners	Set by rule, but not less than the fee on September 1, 1993	Yes
Water Treatment Specialists	1985	Texas Health & Safety Code, § 341.041; Texas Water Code, § 37.009	Texas Commission on Environmental Quality	Set by rule not to exceed statutory limitations	No



## APPENDIX E-2

## Chronology of State Professional Fees by Year of Implementation

Year	Occupation
1881	Notary Public—Commission
1903	Funeral Directors, Embalmers & Funeral Establishments
1908	Physicians
1909	Registered Nurses
1911	Veterinarians
1915	Accountants
1919	Dentists
1921	Optometrists & Therapeutic Optometrists
1923	Podiatrists
1929	Barbers
1929	Pharmacies & Pharmacists
1935	Cosmetologists
1935	Securities Act Personnel
1937	Architects
1937	Industrial Homework—Homeworker's Certificate
1937	Professional Engineers
1939	Real Estate Brokers
1939	Real Estate Salespersons
1947	Plumbers
1950	Chiropractors
1951	Dental Hygienists
1951	Licensed Vocational Nurses
1955	Land Surveyors
1958	Fireworks
1959	Dental Laboratories
1965	Polygraph Examiners
1966	Professional Sanitarians
1969	Landscape Architects
1969	Private Security Personnel
1970	Hearing Aid
1971	Fire Extinguishers
1971	Non-Profit Health Organizations
1971	Personal Emergency Response Systems
1971	Psychologists
1971	Structural Pest Control
1972	Athletic Trainers
1972	Physical Therapists
1974	Irrigators and Installers
1975	Auctioneers
1975	Fire Alarm & Fire Detection Devices
1976	Pesticide Applicators for Health-Related Pest Control
1977	Assessors
1977	Court Reporters
1977	Tax Assessors, Appraisers & Collectors
1979	Interpreters for the Deaf
1979	Residential Service Companies
1981	Licensed Professional Counselors
1981	Real Estate Inspectors
1981	Social Workers
1981	Solid Waste Technicians
1983	Certified Medication Aides
1983	Dieticians
1983	Fire Protection Personnel
1983	Law Enforcement Personnel
1983	Midwives
1983	Occupational Therapists & Occupational Therapy Facilities
1984	Emergency Medical Services
1984	Fire Protection Sprinkler Systems
1984	Speech-Language Pathologists & Audiologists
1985	Timeshare Regulation
1985	Water Treatment Specialists

Year	Occupation
1986	Air Conditioning & Refrigeration Contractors
1986	Massage Therapy
1987	Membership Camping Operators
1987	Respiratory Care Practitioners
1988	Asbestos Removal
1988	Athlete Agents—Registration
1988	Lobbyists—Registration
1988	Medical Radiologic Technologists
1989	Health Service Providers—Registry
1989	Real Estate Appraisers
1989	Training and Regulation of HIV Counselors
1990	Home Health Medication Aides
1990	Probation Officers
1990	Talent Agencies
1990	Underground Storage Tank Installers
1992	Chemical Dependency Counselors
1992	Code Enforcement Officers
1992	Interior Design
1992	Marriage & Family Therapists
1992	Medical Physicists
1992	Opticians
1992	Property Tax Consultants
1992	Temporary Common Worker Employers
1993	Customs Brokers
1993	Solicitation—Public Safety
1993	Solicitation—Veterans
1993	Telephone Solicitors
1994	Acupuncture
1994	Elevator Inspection
1994	Perfusionists
1994	Physician Assistants
1994	Repair Facilities
1994	Staff Leasing
1995	Handgun Trainers
1995	Life & Viatical Settlements
1996	Salvage Dealers
1998	Orthotists & Prosthetists
1998	Real Estate Easement or Right-of-Way Agents
2000	Service Contract Providers
2001	Cemeteries
2001	Crematories
2001	Dental Assistants—Certificate
2001	Pharmacy Technicians
2002	Court Interpreters
2002	Food Managers
2002	Surgical Assistants
2002	Vehicle Protection Product Warrantors
2003	Dry Cleaning Facilities
2003	Electronic Security Devices
2003	Geoscientists
2004	Dental Assistants—Registration
2004	Electricians
2004	Legal Service Contract Sales
2004	Locksmiths
2004	Mold Assessors & Remediators
2007	Related Finance Company
2008	Discount Health Care Programs
2008	Metal Recycling Entities
2008	Sexually Oriented Businesses
2009	Identity Recovery Service Contract Provider
2009	Used Automotive Parts Recyclers

APPENDIX F

**Change in Major Texas Insurance Premium Tax Rates  
1907 to 2014 (in percent)**

*When multiple rates are presented, they apply in inverse proportion to the share of investments in Texas*

Legislature	Year	Property and Casualty		Life, Accident, and Health		Title	Licensed Captives
		Domestic	Foreign	Domestic	Foreign		
30th	1907 a	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 b	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 c	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 d,e	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 f	1.6	1.6	1.75	1.75	1.35	
83rd	2013 g						0.5

Notes:

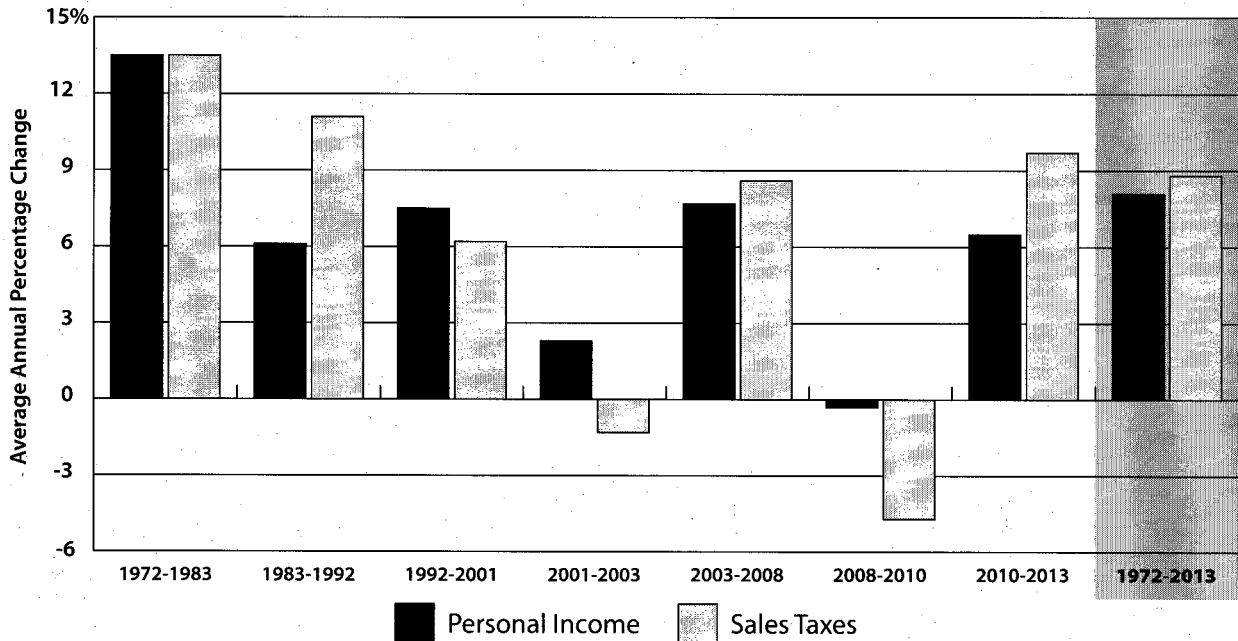
- a Pre-1907: Insurance companies were assessed a flat \$50 annual tax.
- b Change in Texas investment thresholds necessary for reduced tax rates.
- c First \$450,000 in gross life premiums qualify for reduced tax rates.
- d 20 percent surtax enacted by the 70th Legislature applicable to premiums written 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: Susan Combs, Texas Comptroller

APPENDIX G

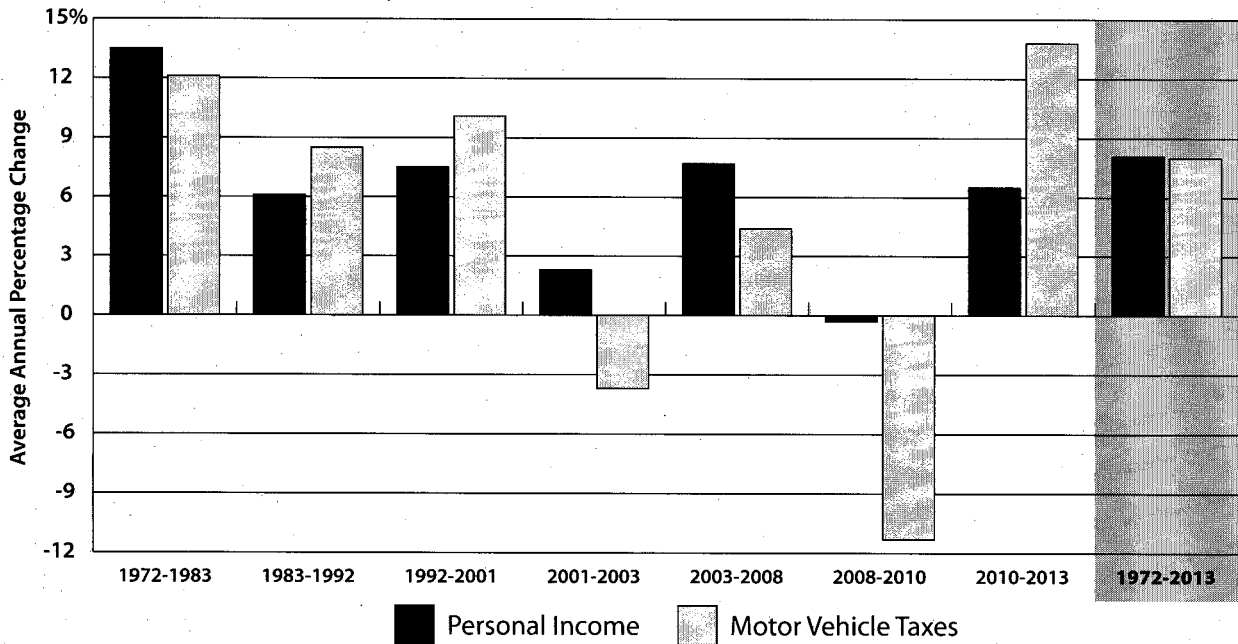
**State Tax Collections and Personal Income, Fiscal 1972-2013**  
Average Annual Growth Rates by Period

**Sales Taxes**



SOURCE: Susan Combs, Texas Comptroller

**Motor Vehicle Taxes**



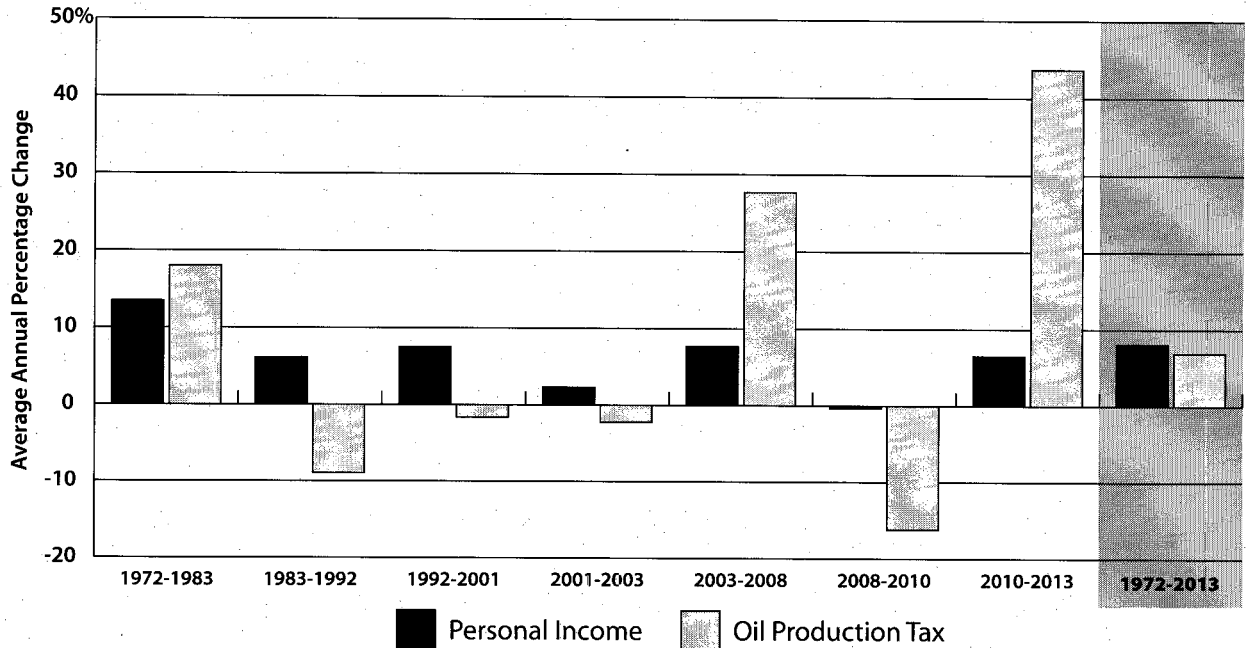
SOURCE: Susan Combs, Texas Comptroller

APPENDIX G (continued)

**State Tax Collections and Personal Income, Fiscal 1972-2013**

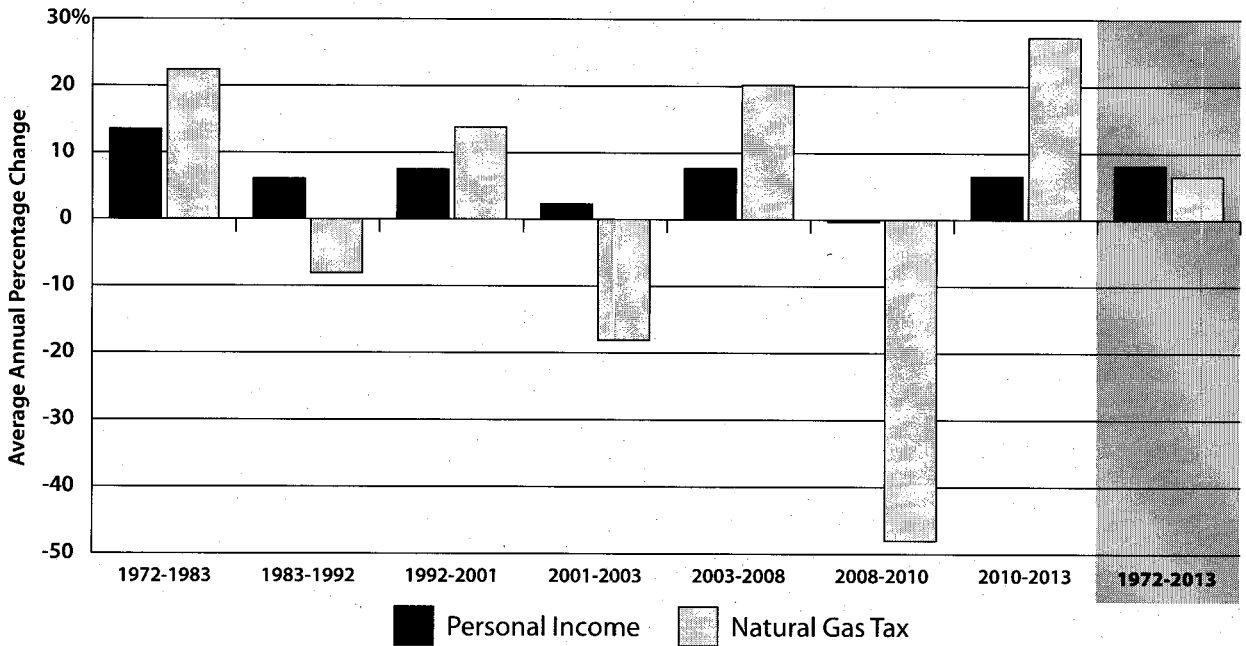
Average Annual Growth Rates by Period

**Oil Production Tax**



SOURCE: Susan Combs, Texas Comptroller

**Natural Gas Tax**

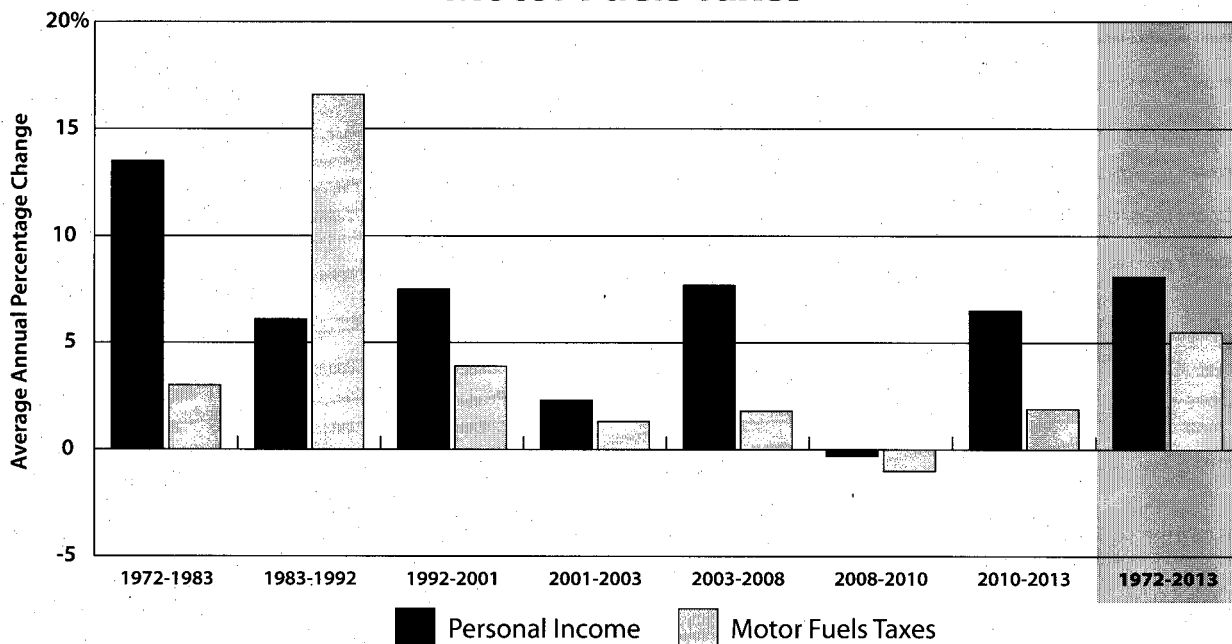


SOURCE: Susan Combs, Texas Comptroller

APPENDIX G (continued)

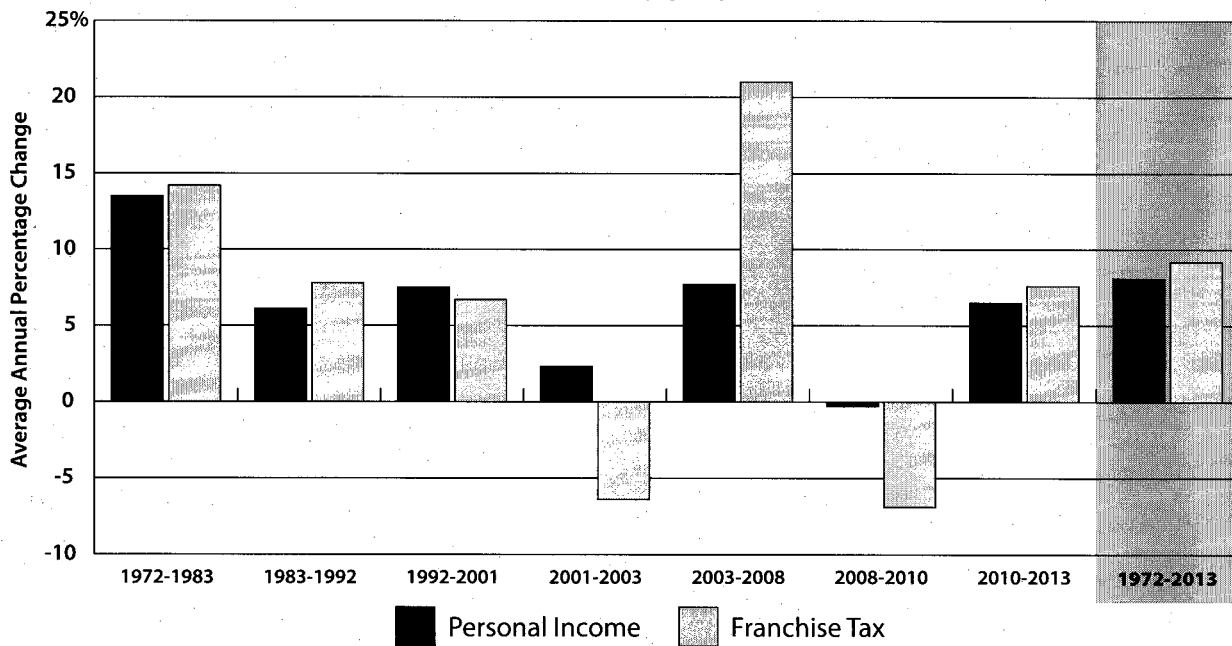
**State Tax Collections and Personal Income, Fiscal 1972-2013**  
Average Annual Growth Rates by Period

**Motor Fuels Taxes**



SOURCE: Susan Combs, Texas Comptroller

**Franchise Tax**

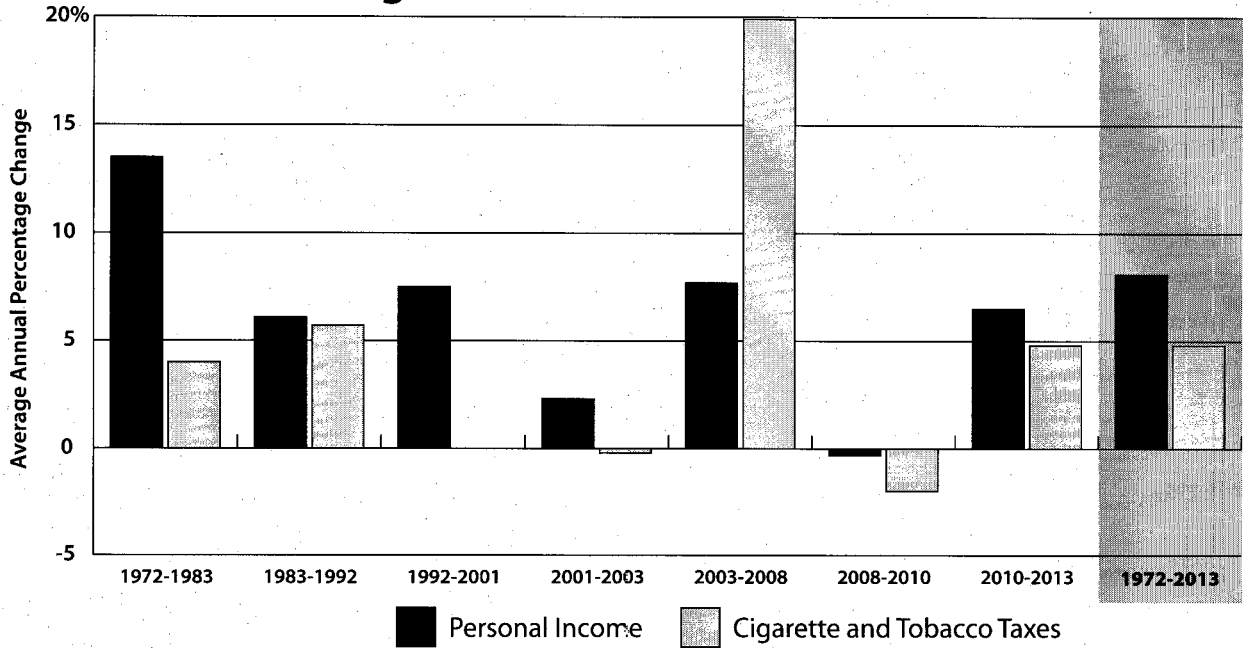


SOURCE: Susan Combs, Texas Comptroller

APPENDIX G (continued)

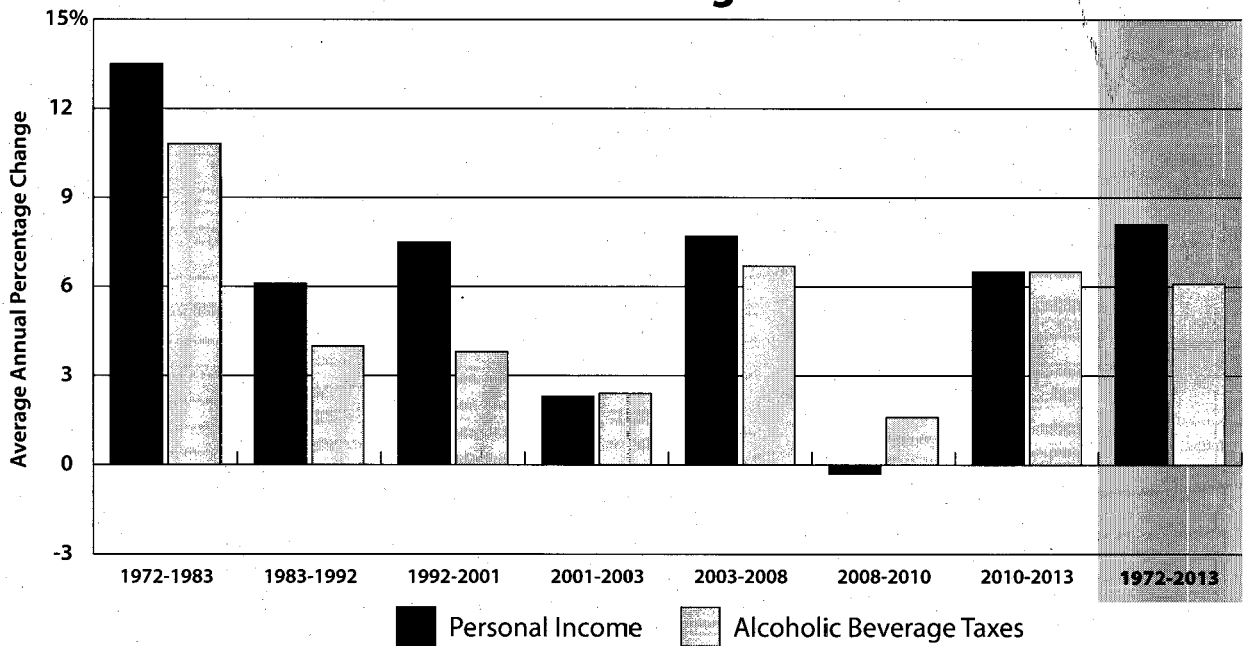
**State Tax Collections and Personal Income, Fiscal 1972-2013**  
Average Annual Growth Rates by Period

**Cigarette and Tobacco Taxes**



SOURCE: Susan Combs, Texas Comptroller

**Alcoholic Beverage Taxes**

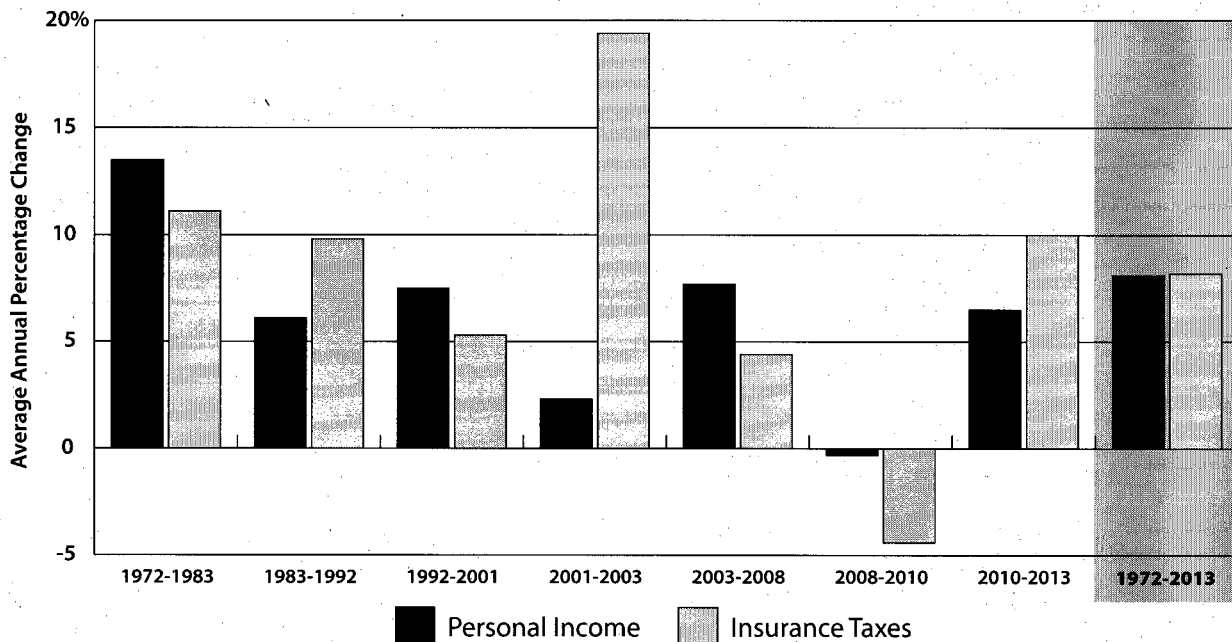


SOURCE: Susan Combs, Texas Comptroller

APPENDIX G (continued)

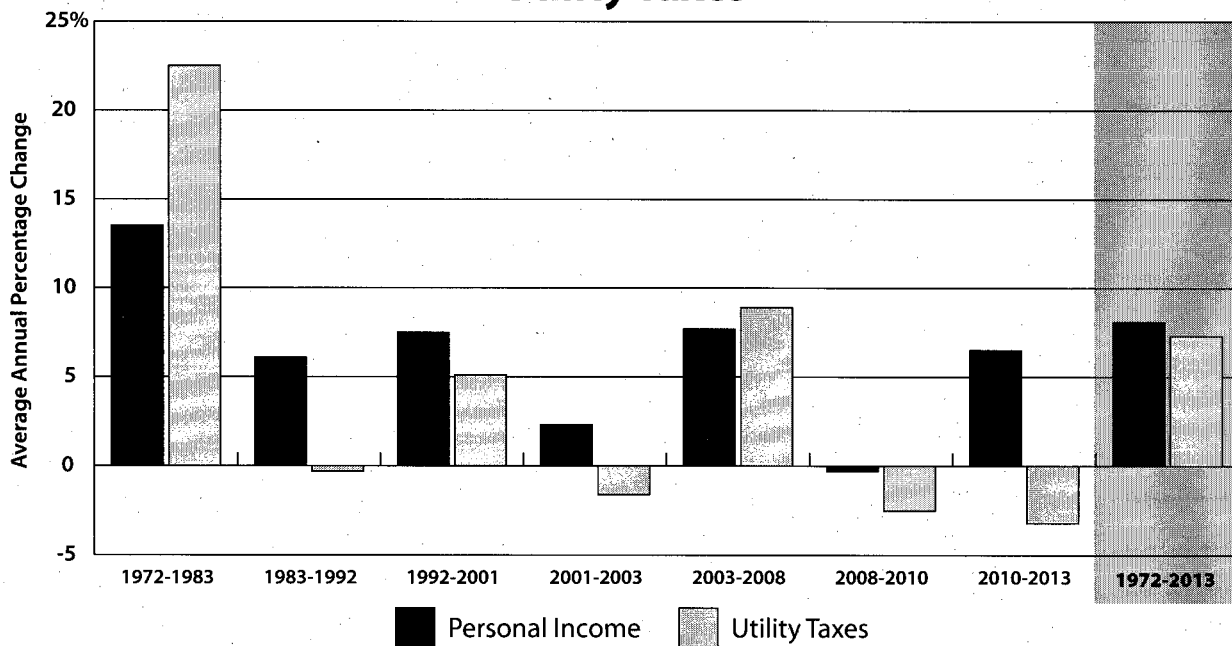
**State Tax Collections and Personal Income, Fiscal 1972-2013**  
Average Annual Growth Rates by Period

**Insurance Taxes**



SOURCE: Susan Combs, Texas Comptroller

**Utility Taxes**

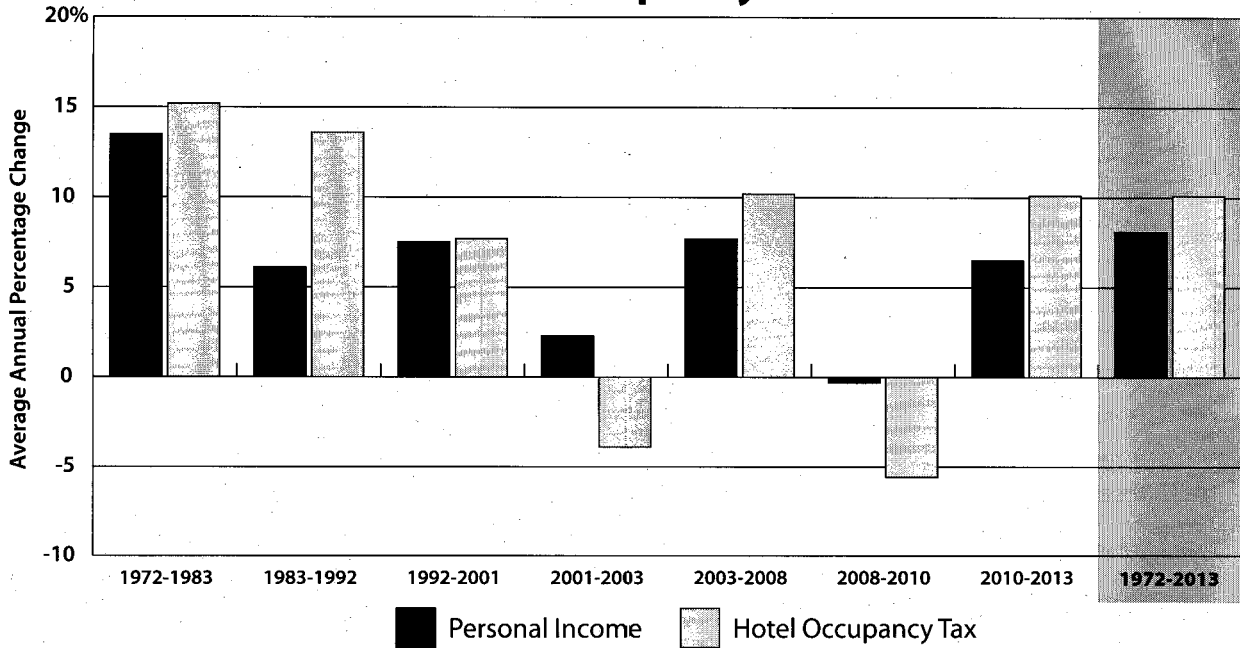


SOURCE: Susan Combs, Texas Comptroller

APPENDIX G (continued)

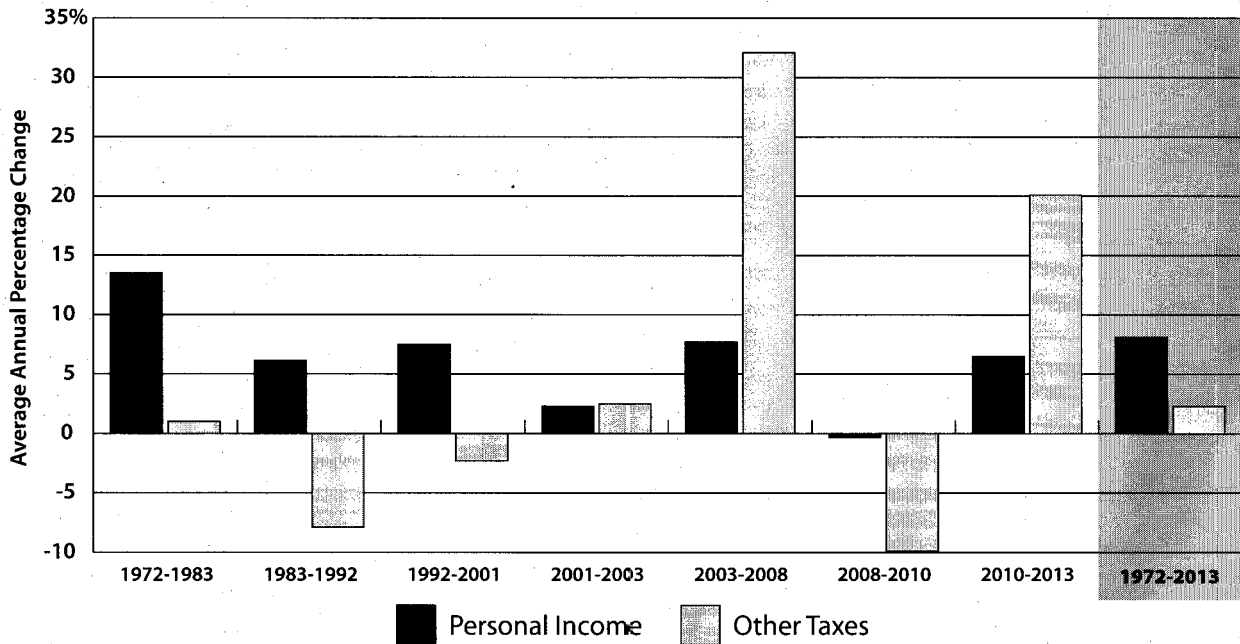
**State Tax Collections and Personal Income, Fiscal 1972-2013**  
Average Annual Growth Rates by Period

**Hotel Occupancy Tax**



SOURCE: Susan Combs, Texas Comptroller

**Other Taxes**



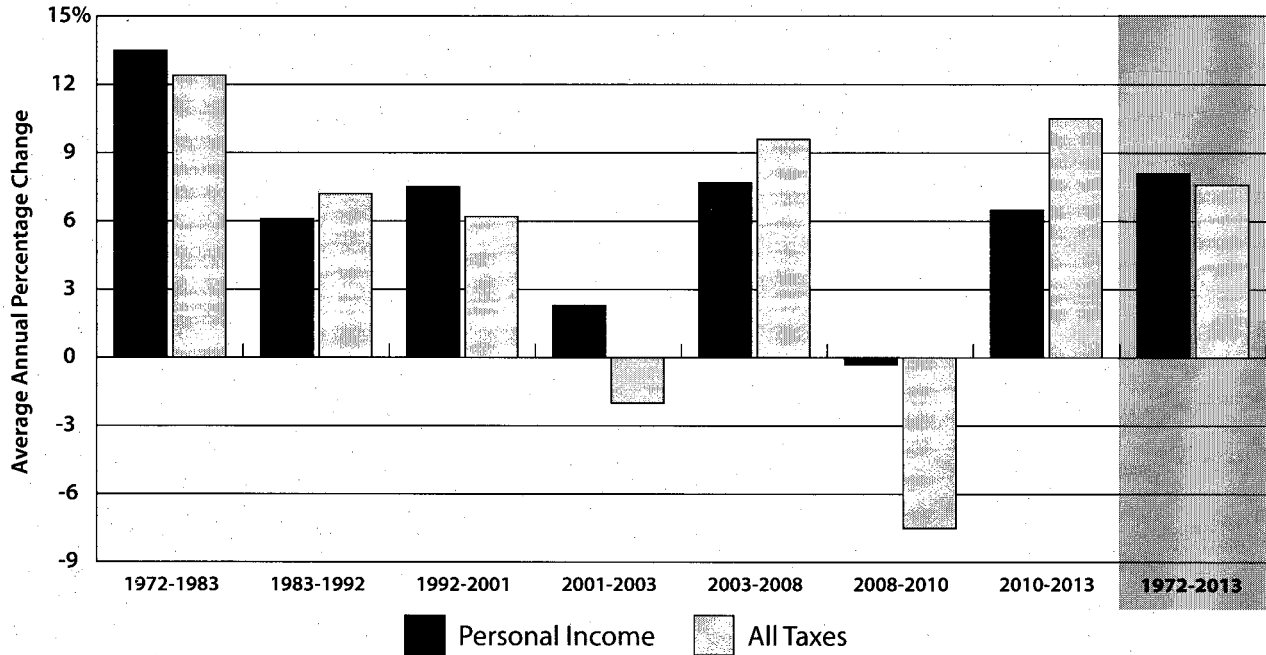
SOURCE: Susan Combs, Texas Comptroller



APPENDIX G (concluded)

**State Tax Collections and Personal Income, Fiscal 1972-2013**  
**Average Annual Growth Rates by Period**

**All Taxes**



SOURCE: Susan Combs, Texas Comptroller







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