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

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

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

<table>
<thead>
<tr>
<th>Industry</th>
<th>Current Law</th>
<th>CSXB4621/HB 3 Eng</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>$102.9</td>
<td>$117.7</td>
<td>$14.8</td>
</tr>
<tr>
<td>Mining</td>
<td>$2,556.7</td>
<td>$2,917.6</td>
<td>$360.9</td>
</tr>
<tr>
<td>Utilities &amp; Transportation</td>
<td>$1,858.2</td>
<td>$2,124.5</td>
<td>$266.3</td>
</tr>
<tr>
<td>Construction</td>
<td>$1,997.4</td>
<td>$2,266.9</td>
<td>$269.4</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>$1,689.4</td>
<td>$1,931.7</td>
<td>$242.3</td>
</tr>
<tr>
<td>Retail &amp; Wholesale Trade</td>
<td>$1,769.7</td>
<td>$2,023.8</td>
<td>$254.1</td>
</tr>
<tr>
<td>Information</td>
<td>$916.1</td>
<td>$1,047.6</td>
<td>$131.5</td>
</tr>
<tr>
<td>FIRE</td>
<td>$956.9</td>
<td>$1,094.4</td>
<td>$137.5</td>
</tr>
<tr>
<td>Other Services</td>
<td>$3,445.8</td>
<td>$3,940.4</td>
<td>$494.6</td>
</tr>
<tr>
<td>Government</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
</tr>
<tr>
<td>Individual Consumers</td>
<td>$20,814.1</td>
<td>$23,792.0</td>
<td>$2,977.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$36,107.2</strong></td>
<td><strong>$41,256.5</strong></td>
<td><strong>$5,149.3</strong></td>
</tr>
</tbody>
</table>

Note: Totals may not sum due to rounding.
Table 2
FY 2021: Initial Distribution of School District Property Tax - By Industry
Comparison of Initial Tax Paid under
Current Law vs. CS HB 4621 and HB 3 Engrossed ($ millions)

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

Note: Totals may not sum due to rounding.
Table 3
FY 2021: Initial Distribution of Sales & Use + School District Property Tax - By Industry
Comparison of Initial Tax Paid under Current Law vs. CS HB 4621 and HB 3 Engrossed ($ millions)

<table>
<thead>
<tr>
<th>Industry</th>
<th>Current Law</th>
<th>CSHB4621/HB 3 Eng</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>$648.9</td>
<td>$590.4</td>
<td>-$58.5</td>
</tr>
<tr>
<td>Mining</td>
<td>$5,417.2</td>
<td>$5,255.1</td>
<td>-$162.0</td>
</tr>
<tr>
<td>Utilities &amp; Transportation</td>
<td>$4,621.3</td>
<td>$4,415.3</td>
<td>-$206.0</td>
</tr>
<tr>
<td>Construction</td>
<td>$2,608.1</td>
<td>$2,846.3</td>
<td>$238.2</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>$4,741.4</td>
<td>$4,466.9</td>
<td>-$274.5</td>
</tr>
<tr>
<td>Retail &amp; Wholesale Trade</td>
<td>$2,908.3</td>
<td>$2,878.1</td>
<td>-$30.2</td>
</tr>
<tr>
<td>Information</td>
<td>$1,861.3</td>
<td>$1,781.3</td>
<td>-$80.0</td>
</tr>
<tr>
<td>FIRE</td>
<td>$6,449.0</td>
<td>$5,591.9</td>
<td>-$857.1</td>
</tr>
<tr>
<td>Other Services</td>
<td>$5,147.4</td>
<td>$5,314.6</td>
<td>$167.2</td>
</tr>
<tr>
<td>Government</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
</tr>
<tr>
<td>Individual Consumers</td>
<td>$37,817.3</td>
<td>$37,660.3</td>
<td>-$157.0</td>
</tr>
<tr>
<td>Total</td>
<td>$72,220.2</td>
<td>$70,800.3</td>
<td>-$1,419.9</td>
</tr>
</tbody>
</table>

Note: Totals may not sum due to rounding.

Table 4
FY 2021: Final Distribution of Sales & Use Tax - By Household Income
Comparison of Final Tax Impact under Current Law vs. CS HB 4621 and HB 3 Engrossed ($ millions)

<table>
<thead>
<tr>
<th>Income Quintile</th>
<th>Current Law</th>
<th>CSHB4621/HB 3 Eng</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $37,630</td>
<td>$2,650.6</td>
<td>$3,001.0</td>
<td>$350.5</td>
</tr>
<tr>
<td>$37,630 - $66,112</td>
<td>$3,766.4</td>
<td>$4,278.9</td>
<td>$512.5</td>
</tr>
<tr>
<td>$66,112 - $99,619</td>
<td>$5,046.0</td>
<td>$5,752.2</td>
<td>$706.2</td>
</tr>
<tr>
<td>$99,619 - $149,453</td>
<td>$6,648.3</td>
<td>$7,613.5</td>
<td>$965.2</td>
</tr>
<tr>
<td>$149,453 and higher</td>
<td>$10,477.2</td>
<td>$12,003.8</td>
<td>$1,526.6</td>
</tr>
<tr>
<td>Total Resident</td>
<td>$28,588.5</td>
<td>$32,649.3</td>
<td>$4,060.9</td>
</tr>
<tr>
<td>Exported to Non-Residents</td>
<td>$7,518.7</td>
<td>$8,607.2</td>
<td>$1,088.4</td>
</tr>
<tr>
<td>Total</td>
<td>$36,107.2</td>
<td>$41,256.5</td>
<td>$5,149.3</td>
</tr>
</tbody>
</table>

Note: Totals may not sum due to rounding.
### Table 5

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

<table>
<thead>
<tr>
<th>Income Quintile</th>
<th>Current Law</th>
<th>CSBH4621/HB 3 Eng</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $37,630</td>
<td>$2,354.3</td>
<td>$1,980.6</td>
<td>-$373.7</td>
</tr>
<tr>
<td>$37,630 - $66,112</td>
<td>$3,047.0</td>
<td>$2,495.5</td>
<td>-$551.5</td>
</tr>
<tr>
<td>$66,112 - $99,619</td>
<td>$4,476.3</td>
<td>$3,692.9</td>
<td>-$783.4</td>
</tr>
<tr>
<td>$99,619 - $149,453</td>
<td>$6,450.5</td>
<td>$5,243.8</td>
<td>-$1,206.7</td>
</tr>
<tr>
<td>$149,453 and higher</td>
<td>$12,528.3</td>
<td>$10,169.0</td>
<td>-$2,359.3</td>
</tr>
</tbody>
</table>

**Total Resident**  
$28,856.4  
$23,581.7  
-$5,274.7

**Exported to Non-Residents**  
$7,256.5  
$5,962.0  
-$1,294.5

**Total**  
$36,113.0  
$29,543.8  
-$6,569.2

*Note: Totals may not sum due to rounding.*

### Table 6

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

<table>
<thead>
<tr>
<th>Income Quintile</th>
<th>Current Law</th>
<th>CSBH4621/HB 3 Eng</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $37,630</td>
<td>$5,004.9</td>
<td>$4,981.6</td>
<td>-$23.2</td>
</tr>
<tr>
<td>$37,630 - $66,112</td>
<td>$6,813.4</td>
<td>$6,774.4</td>
<td>-$39.1</td>
</tr>
<tr>
<td>$66,112 - $99,619</td>
<td>$9,522.3</td>
<td>$9,445.1</td>
<td>-$77.2</td>
</tr>
<tr>
<td>$99,619 - $149,453</td>
<td>$13,098.8</td>
<td>$12,857.2</td>
<td>-$241.6</td>
</tr>
<tr>
<td>$149,453 and higher</td>
<td>$23,005.5</td>
<td>$22,172.8</td>
<td>-$832.7</td>
</tr>
</tbody>
</table>

**Total Resident**  
$57,444.9  
$56,231.1  
-$1,213.8

**Exported to Non-Residents**  
$14,775.2  
$14,569.2  
-$206.1

**Total**  
$72,220.1  
$70,800.2  
-$1,419.9

*Note: Totals may not sum due to rounding.*
<table>
<thead>
<tr>
<th>Income Quintile</th>
<th>Effective Rate - Current Law</th>
<th>Effective Rate - CSHB 4621/ HB 3 Eng</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $37,630</td>
<td>13.6%</td>
<td>13.6%</td>
<td>-0.06%</td>
</tr>
<tr>
<td>$37,630 - $66,112</td>
<td>7.0%</td>
<td>7.0%</td>
<td>-0.04%</td>
</tr>
<tr>
<td>$66,112 - $99,619</td>
<td>6.1%</td>
<td>6.0%</td>
<td>-0.05%</td>
</tr>
<tr>
<td>$99,619 - $149,453</td>
<td>5.6%</td>
<td>5.5%</td>
<td>-0.10%</td>
</tr>
<tr>
<td>$149,453 and higher</td>
<td>3.4%</td>
<td>3.3%</td>
<td>-0.12%</td>
</tr>
<tr>
<td>Total Resident</td>
<td>4.81%</td>
<td>4.71%</td>
<td>-0.10%</td>
</tr>
</tbody>
</table>