HOUSE
RESEARCH
ORGANIZATION bill analysis | 5/5/2015 | HB 2212
Wray, et al.
(CSHB 2212 by Button)

SUBJECT: Repealing the bingo rental tax and the liquefied natural gas tax

COMMITTEE: Ways and Means — committee substitute recommended

VOTE: 9 ayes — D. Bonnen, Bohac, Button, Darby, Martinez Fischer, Murphy, Springer, C. Turner, Wray

1 nay — Y. Davis

1 absent — Parker

WITNESSES: For — None

Against — (*Registered, but did not testify*: Chris Frandsen)

On — (*Registered, but did not testify*: Karey Barton and Tom Currah, Texas Comptroller of Public Accounts)

BACKGROUND: Occupations Code, sec. 2001.501 imposes a tax on the rental of premises where bingo is conducted. The rate is 3 percent of the gross amount collected in rent.

Tax Code, ch. 162, subch. D governs provisions related to liquefied gas. Liquefied gas used to power motor vehicles is taxed at a rate of 15 cents per gallon.

DIGEST: CSHB 2212 would repeal the bingo rental tax by repealing Occupations Code, sec. 2001.501, and making conforming changes throughout the chapter.

CSHB 2212 also would repeal the tax on liquefied gas by repealing Tax Code, ch. 162, subch. D and amending other sections of the chapter. It would continue the exemption of liquefied gas from the sales tax by classifying it as a special fuel.

Cars owned by transit companies that were taxed under the provisions repealed by this bill would be exempted from the tax on the sale of natural gas that was delivered to the fuel supply of the car, as long as the natural gas was provided by a fueling station not accessible to other cars.

This bill would allow holders of liquefied gas tax decals to apply to the comptroller for a refund of any unused portion of advanced taxes paid for the period after the effective date of the bill.

This bill would take effect September 1, 2015, and would not affect the status of any violations, offenses, or tax liability committed or accruing before that date.

SUPPORTERS SAY:

CSHB 2212 would increase state revenue because both the bingo rental tax and liquefied gas tax impose an opportunity cost on the comptroller's resources. Resources now spent administering and enforcing these taxes would generate more revenue if redeployed to audit or enforcement activities for other taxes.

Additionally, these taxes impose various administrative costs on the consumers and businesses subject to them, which reduces market efficiency. All businesses pay taxes of some sort, and the tax system should strive to make its collections as efficient as possible. Consumers, small businesses, and the state would be better off eliminating these unnecessary taxes, which generate too little revenue to offset the administrative opportunity cost.

OPPONENTS SAY:

CSHB 2212's elimination of these taxes would have a directly negative impact on revenue, and the state should not cut taxes when it faces needs in critical areas such as transportation and education.

In addition, this bill would eliminate a tax on the grounds that it did not bring in sufficient revenue to offset the time spent collecting it. However, a tax that is comparatively less cost effective to collect should not necessarily be eliminated. All businesses should pay their fair share of taxes because they benefit from the same systems of legal protections established and enforced by the state government.

NOTES: According to the Legislative Budget Board’s fiscal note, CSHB 2212 would have a negative impact of about $2.7 million on general revenue related funds through the 2016-17 biennium.