

GOVERNMENT CODE

TITLE 3. LEGISLATIVE BRANCH

SUBTITLE B. LEGISLATION

CHAPTER 314. FISCAL NOTES AND COST PROJECTIONS

Sec. 314.001. SYSTEM OF FISCAL NOTES. The Legislative Budget Board shall establish a system of fiscal notes identifying the probable costs of each bill or resolution that authorizes or requires the expenditure or diversion of state funds for a purpose other than one provided for in the general appropriations bill.

Acts 1985, 69th Leg., ch. 479, Sec. 1, eff. Sept. 1, 1985.

Sec. 314.002. COST ESTIMATES. In preparing a fiscal note, the board shall project cost estimates for a five-year period that begins on the effective date of the bill or resolution and shall state whether or not costs or diversions will be involved after that period.

Acts 1985, 69th Leg., ch. 479, Sec. 1, eff. Sept. 1, 1985.

Sec. 314.003. ATTACHMENT TO BILL OR RESOLUTION. (a) If a fiscal note is required on a bill or resolution, it must be attached to the bill or resolution as provided by the rules of the appropriate house of the legislature.

(b) The fiscal note must be printed as part of the committee report of the bill or resolution and as part of all subsequent printings, as provided by the rules of the appropriate house of the legislature.

(c) The fiscal note must remain with the bill or resolution throughout the legislative process, including submission to the governor.

Acts 1985, 69th Leg., ch. 479, Sec. 1, eff. Sept. 1, 1985.

Amended by:

Acts 2019, 86th Leg., R.S., Ch. 1250 (H.B. [4181](#)), Sec. 20, eff. June 14, 2019.

Sec. 314.004. EQUALIZED EDUCATION FUNDING IMPACT STATEMENT. (a) The board shall prepare for each bill or resolution

that affects public education an equalized education funding impact statement.

(b) The impact statement must evaluate the effect of the bill or resolution on all state equalized funding requirements and policies.

(c) The impact statement must be attached to the bill or resolution immediately following:

(1) the fiscal note attached under Section 314.003; or

(2) if a dynamic fiscal impact statement is prepared under Section 314.005, the dynamic fiscal impact statement.

Added by Acts 1990, 71st Leg., 6th C.S., ch. 1, Sec. 1.18, eff. Sept. 1, 1990.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 1108 (H.B. 464), Sec. 2, eff. September 1, 2009.

Sec. 314.005. DYNAMIC FISCAL IMPACT STATEMENT ON TAX OR FEE MEASURE. (a) The board shall prepare a dynamic fiscal impact statement for each bill or joint resolution:

(1) that raises or lowers the rate or amount of a tax or fee or proposes an amendment to the Texas Constitution that would raise or lower the rate or amount of a tax or fee; and

(2) for which a fiscal note is prepared indicating a positive or negative impact on revenue of at least \$75 million annually.

(b) The dynamic fiscal impact statement must, based on dynamic scoring principles, project for the five-year period beginning on the proposed effective date of the change in the rate or amount of the tax or fee the estimated fiscal and economic impacts of raising or lowering the rate or amount of the tax or fee as proposed, including the impact on:

(1) tax or fee receipts; and

(2) the costs of the specific program, if any, that the tax or fee is designed to directly support.

(c) In this section, "dynamic scoring principles" means a method of estimating the pace of economic growth or the change in the aggregate level of economic output and incomes, in response to a

change in the rate or amount of a tax or fee, that takes into consideration factors including:

(1) the direct impact on tax or fee receipts and, if the tax or fee is designed to directly support a specific program, on program costs;

(2) the effects on incentives to work, save, invest, and conduct economic affairs;

(3) the resulting change in the overall level of economic activity;

(4) the impact of the resulting higher or lower level of economic activity on tax or fee receipts and, if the tax or fee is designed to directly support a specific program, on program costs; and

(5) a calculation of the net impact of the legislation proposing the change on the unified budget.

(d) The dynamic fiscal impact statement must be attached to the bill or resolution immediately following the fiscal note attached under Section [314.003](#).

(e) On the fifth anniversary of the effective date of a bill that becomes law for which a dynamic fiscal impact statement was prepared under this section, the comptroller shall prepare and submit to the presiding officer of each house of the legislature a report that assesses the accuracy of the relevant fiscal note prepared for the bill and the accuracy of the relevant dynamic fiscal impact statement prepared for the bill.

Added by Acts 2009, 81st Leg., R.S., Ch. 1108 (H.B. [464](#)), Sec. 1, eff. September 1, 2009.