

SUBJECT: Repealing a \$200 additional annual fee for certain occupational licenses

COMMITTEE: Licensing and Administrative Procedures — committee substitute recommended

VOTE: 6 ayes — Smith, Gutierrez, Goldman, Kuempel, Miles, D. Miller

0 nays

3 absent — Geren, Guillen, S. Thompson

WITNESSES: For — Judith Bundschuh, Texas Association of Realtors; Greg Glod, Texas Public Policy Foundation; (*Registered, but did not testify:* Peyton McKnight, American Council of Engineering Companies of Texas; Jon Weist, City of Irving; Jeff Wolverton, McWilliams Government Affairs, on behalf of American Society of Landscape Architects Texas Chapter; David Mintz, Texas Academy of General Dentistry; Cathy Dewitt, Texas Association of Business; George Christian, Texas Association of Defense Counsel; R. Clint Smith, Texas Association of Property Tax Professionals; Steven Garza and Daniel Gonzalez, Texas Association of Realtors; Brittney Booth, Texas Business Law Foundation; Ybarra, Texas Chiropractic Association; Darren Whitehurst, Texas Medical Association; Jim Reaves, Texas Nursery and Landscape Association; Heather Aguirre, Texas Osteopathic Medical Association; David Lancaster, Texas Society of Architects; Bob Owen, Texas Society of Certified Public Accountants; Jennifer McEwan, Texas Society of Professional Engineers; Mark Hanna, Texas Society of Professional Surveyors; Royce Poinsett, Texas Veterinary Medical Association)

DIGEST: CSHB 2089 would repeal a \$200 additional licensing fee imposed annually on the following 16 professions:

- Chiropractors;
- Physicians;
- Dentists;

- Optometrists;
- Psychologists;
- Certified public accountants;
- Architects;
- Engineers;
- Real estate brokers;
- Investment advisers;
- Attorneys;
- Veterinarians;
- Property tax consultants;
- Landscape architects;
- Interior designers; and
- Land surveyors.

This bill would take effect September 1, 2015 and would not be retroactive.

**SUPPORTERS
SAY:**

CSHB 2089 would repeal a \$200 additional licensing fee, essentially an occupations tax, that is imposed annually on 16 professions, covering approximately 400,000 licensed professionals. At the time the fees were enacted, the state faced a revenue shortfall. Many of these fees were categorized as temporary and assessed because the selected professions were not subject to the franchise tax in place at the time. When the franchise tax methodology was changed in 2006, these professions were included. Despite the affected professions inclusion in Texas' current franchise tax, the \$200 occupations fee remains in effect.

This \$200 fee is a hidden double tax that selectively targets certain professional service industries and is levied in addition to the licensing fees these Texans already pay. Most licensed professionals have their own small businesses. By eliminating the \$200 annual fee, these professionals would be allowed to reinvest in their own businesses as well as back into the local economy instead of padding the state coffers. CSHB 2089 would save Texas professionals about \$250 million over the next biennium.

OPPONENTS
SAY:

CSHB 2089 would result in a nearly \$250 million loss of general revenue related funds through the next biennium. From each \$200 fee collected, \$50 is deposited to the Foundation School Fund and the remaining \$150 is deposited to the General Revenue Fund.

Given that significant tax cuts are already on the table this legislative session, it would be inappropriate to make further reductions when there are many underfunded priorities, including public education, that would suffer from the loss of revenue.

NOTES:

According to the fiscal note, CSHB 2089 would have a negative impact of about \$250 million through the next biennium.

The Senate companion bill, SB 765 by Eltife, was left pending in the Senate Finance Committee on March 4.