

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION**

**April 28, 2003**

**TO:** Honorable Ron Wilson, Chair, House Committee on Ways & Means

**FROM:** John Keel, Director, Legislative Budget Board

**IN RE: HB184** by Merritt (Relating to the application of the sales tax to United States and Texas flags.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB184, As Introduced: a negative impact of (\$1,314,000) through the biennium ending August 31, 2005.

**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	(\$588,000)
2005	(\$726,000)
2006	(\$745,000)
2007	(\$764,000)
2008	(\$783,000)

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE FUND 1</i>	Probable Revenue Gain/(Loss) from <i>Cities</i>	Probable Revenue Gain/(Loss) from <i>Transit Authorities</i>	Probable Revenue Gain/(Loss) from <i>Counties/Special Districts</i>
2004	(\$588,000)	(\$97,000)	(\$35,000)	(\$12,000)
2005	(\$726,000)	(\$134,000)	(\$48,000)	(\$17,000)
2006	(\$745,000)	(\$137,000)	(\$49,000)	(\$17,000)
2007	(\$764,000)	(\$141,000)	(\$51,000)	(\$18,000)
2008	(\$783,000)	(\$144,000)	(\$52,000)	(\$18,000)

**Fiscal Analysis**

The bill would amend Chapter 151 of the Tax Code to exempt the sale of the flag of the United States or the flag of the State of Texas from the sales tax.

The bill would take effect October 1, 2003.

**Methodology**

Data on the sale of flags were gathered from the U.S. Census Bureau. The data were adjusted to reflect sales of United States and Texas flags in Texas and multiplied by the tax rate. The result was adjusted for an effective date of October 1, 2003 and extrapolated through 2008. The fiscal impact on units of local government were estimated proportionally.

## **Local Government Impact**

Local units of government would have a corresponding fiscal impact from sales tax revenues, as indicated in the above table.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** JK, JO, SD, WP, SM