

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 7, 2005

TO: Honorable Jim Keffer, Chair, House Committee on Ways & Means

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: HB390 by Smith, Todd (Relating to an exemption from the sales and use tax for food sold during certain athletic events.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB390, As Introduced: a negative impact of (\$1,539,000) through the biennium ending August 31, 2007, if the effective date of the bill is July 1, 2005; or a negative impact of (\$1,421,000) through the biennium ending August 31, 2007, if the effective date of the bill is September 1, 2005.

The following table assumes an effective date of July 1, 2005.

All Funds, Six-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE FUND</i> 1	Probable Revenue Gain/(Loss) from <i>Cities</i>	Probable Revenue Gain/(Loss) from <i>Transit Authorities</i>	Probable Revenue Gain/(Loss) from <i>Counties/SPDs</i>
2005	(\$58,000)	\$0	\$0	\$0
2006	(\$724,000)	(\$135,000)	(\$46,000)	(\$17,000)
2007	(\$757,000)	(\$141,000)	(\$49,000)	(\$18,000)
2008	(\$792,000)	(\$148,000)	(\$51,000)	(\$18,000)
2009	(\$828,000)	(\$154,000)	(\$53,000)	(\$19,000)
2010	(\$864,000)	(\$161,000)	(\$55,000)	(\$20,000)

The following table assumes an effective date of September 1, 2005.

Fiscal Year	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE FUND</i> 1	Probable Revenue Gain/(Loss) from <i>Cities</i>	Probable Revenue Gain/(Loss) from <i>Transit Authorities</i>	Probable Revenue Gain/(Loss) from <i>Counties/SPDs</i>
2006	(\$664,000)	(\$112,000)	(\$39,000)	(\$14,000)
2007	(\$757,000)	(\$141,000)	(\$49,000)	(\$18,000)
2008	(\$792,000)	(\$148,000)	(\$51,000)	(\$18,000)
2009	(\$828,000)	(\$154,000)	(\$53,000)	(\$19,000)
2010	(\$864,000)	(\$161,000)	(\$55,000)	(\$20,000)

Fiscal Analysis

The bill would amend Chapter 151 of the Tax Code to create a sales tax exemption for food sold by a concession stand operated by a temporary or permanent school district employee at an athletic event sponsored by the school district.

The bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, the bill states that it would take effect September 1, 2004.

Methodology

Data on taxable sales by concessions companies were gathered from Comptroller tax files. The data were adjusted for sales assumed to be made at athletic events sponsored or sanctioned by school districts, multiplied by the state sales tax rate, adjusted for the potential effective dates of July 1, 2005 and September 1, 2005 and extrapolated through fiscal 2010. The fiscal impacts on units of local government were estimated proportionally.

Note: The bill as written includes an effective date of September 1, 2004. This analysis assumes potential effective dates of July 1, 2005 and September 1, 2005.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, SD, WP, SM