

BILL ANALYSIS

C.S.H.B. 1084
By: Smith, Todd
Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Under current law, food products, meals, soft drinks, and candy for human consumption served during or after regular school hours are tax-exempt when served by:

- (1) Parent-teacher associations during a fund-raising sale;
- (2) Hospitals or other institutions licensed by the state for the care of humans; or
- (3) Retirement facilities which provide permanent housing to the elderly.
- (4) Public or private schools, school districts, student organizations, or parent-teacher associations during a fund-raising sale during school hours.

Additionally, food products, candy, and soft drinks sold during or after regular school hours are exempt from tax if the sale is made:

- (1) By a member of or volunteer for a nonprofit organization devoted to the exclusive purpose of education or religious or physical training or
- (2) By a group associated with a public or private elementary or secondary school
- (3) As a part of a fund-raising drive sponsored by the organization or group and all net proceeds from the sale go to the organization or group for its exclusive use.
- (4) By a church or at functions of a church;

It is unclear whether or not sales of food products, meals, soft drinks and candy by public or private schools and school districts after regular school hours are tax exempt. CSHB 1084 clarifies the code by specifically exempting from tax the sales of food products, meals, soft drinks and candy by school district employees at an athletic event sponsored or sanctioned by the school district and held at a facility owned by the school district.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION COMPARISON

Section 1 Amends Section 151.314(d), Tax Code, to allow sales of food products sold by public or private schools or school districts during an event sponsored or sanctioned by a school district at a concession stand to be operated by a temporary or permanent school employee or a volunteer, but only if the proceeds from the sales benefit the district, to be tax-exempt under Chapter 151 of the Tax Code.

Section 2 This section states that the law made by this bill does not affect tax liability made by this bill does not affect tax liability accruing before the effective date of this bill. That liability continues in effect as if this bill had not been enacted, and the former law is continued in effect for the collection of taxes due and for civil and criminal enforcement of the liability for those taxes.

Section 3 This Act takes effect September 1, 2007.

EFFECTIVE DATE

This Act takes effect September 1, 2007.

COMPARISON OF ORIGINAL TO SUBSITUTE

The substitute modifies Section 1 of the original by addressing directly the sale of food products, meals, soft drinks and candy by school district employees at an athletic event sponsored or sanctioned by the school district and held at a facility owned by the school district, explicitly making those sales tax-exempt.

The substitute does not modify Section 2

The substitute makes the effective date July 1, 2007 if it receives a vote of two-thirds of all the members elected to each house, or September 1, 2007 if it does not.