

## **BILL ANALYSIS**

Senate Research Center  
80R2404KLAD

S.B. 376  
By: Shapleigh  
Finance  
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As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Currently, the sales tax holiday, which takes place in August, exempts certain school supplies including children's clothes, school uniforms, and footwear, but excludes backpacks and other necessary school supplies. Texas families have saved an estimated \$264.5 million in state sales tax and \$71.5 million in local sales tax, since the implementation of the sales tax holiday in 1999. However, families incur costs in purchasing school supplies for their children prior to the spring semester because there is no December sales tax holiday.

As proposed, S.B. 376 provides for a December sales tax holiday in addition to the August sales tax holiday and amends current law to apply the tax exemption to a backpack.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the comptroller of public accounts in SECTION 3 (Section 151.327, Tax Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends the heading to Section 151.326, Tax Code, to read as follows:

Sec. 151.326. CLOTHING AND FOOTWEAR FOR LIMITED PERIODS.

SECTION 2. Amends Section 151.326(a), Tax Code, as follows:

(a) Creates paragraph A from existing text. Creates paragraph B to allow for the tax exemption (exemption) of an article of clothing or footwear if the sale takes place beginning at 12:01 a.m. on the first Friday in December and ending at 12 midnight on the following Sunday.

SECTION 3. Amends Subchapter H, Chapter 151, Tax Code, by adding Section 151.327, as follows:

Sec. 151.327. SCHOOL SUPPLIES FOR LIMITED PERIODS. (a) Provides that the sale or storage, use, or other consumption of a school supply, including a backpack, is exempted from sales tax if the school supply purchase meets certain requirements, including that it is used by a student in a class in a public or private elementary or secondary school, and for a sales price of less than \$100 per item.

(b) Requires the comptroller of public accounts to adopt rules specifying the school supplies that are eligible for exemption.

(c) Provides that the exemption does not apply to the purchase of a textbook.

SECTION 4. Makes application of this Act prospective.

SECTION 5. Effective date: upon passage or September 1, 2007.