

By: Herrero

H.B. No. 3946

A BILL TO BE ENTITLED

AN ACT

relating to an automatic extension of the sales tax holiday on clothing and footwear in certain fiscal years.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 151.326, Tax Code, is amended to read as follows:

Sec. 151.326. CLOTHING AND FOOTWEAR FOR LIMITED PERIOD. (a) Except as provided by Subsection (c), the ~~[The]~~ sale of an article of clothing or footwear designed to be worn on or about the human body is exempted from the taxes imposed by this chapter if:

(1) the sales price of the article is less than \$100;

and

(2) the sale takes place during a period beginning at 12:01 a.m. on the first Friday in August and ending at 12 midnight on the following Sunday.

(b) This section does not apply to:

(1) any special clothing or footwear that is primarily designed for athletic activity or protective use and that is not normally worn except when used for the athletic activity or protective use for which it is designed;

(2) accessories, including jewelry, handbags, luggage, umbrellas, wallets, watches, and similar items carried on or about the human body, without regard to whether worn on the body

1 in a manner characteristic of clothing; and

2 (3) the rental of clothing or footwear.

3 (c) The exemption period under Subsection (a)(2) is  
4 automatically extended to August 31st for any fiscal year if, at  
5 11:59 p.m. on the first Thursday in August, the revenue collected  
6 from the tax imposed under this chapter equals or exceeds the  
7 official revenue estimate for the revenue derived from the tax  
8 imposed under this chapter for that fiscal year. The comptroller by  
9 rule shall adopt procedures for implementing this subsection.

10 SECTION 2. This Act takes effect September 1, 2007.