

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 17, 2007

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

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

IN RE: HB81 by Branch (Relating to expanding the limited period for exemptions from the sales tax for clothing and footwear.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB81, As Introduced: a negative impact of (\$85,054,000) through the biennium ending August 31, 2009.

The following fiscal implications are applicable for either a July 1, 2007 or October 1, 2007 effective date.

General Revenue-Related Funds, Six-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2007	\$0
2008	(\$41,759,000)
2009	(\$43,295,000)
2010	(\$44,852,000)
2011	(\$46,503,000)
2012	(\$48,229,000)

All Funds, Six-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE FUND 1</i>	Probable Revenue Gain/(Loss) from <i>City Sales Tax Revenue</i>	Probable Revenue Gain/(Loss) from <i>County and SPD Sales Tax Revenue</i>	Probable Revenue Gain/(Loss) from <i>MTA Sales Tax Revenue</i>
2007	\$0	\$0	\$0	\$0
2008	(\$41,759,000)	(\$8,019,000)	(\$1,035,000)	(\$2,751,000)
2009	(\$43,295,000)	(\$8,314,000)	(\$1,073,000)	(\$2,852,000)
2010	(\$44,852,000)	(\$8,612,000)	(\$1,111,000)	(\$2,955,000)
2011	(\$46,503,000)	(\$8,930,000)	(\$1,152,000)	(\$3,064,000)
2012	(\$48,229,000)	(\$9,261,000)	(\$1,195,000)	(\$3,177,000)

Fiscal Analysis

The bill would amend Chapter 151 of the Tax Code to create a January three-day sales tax holiday on clothing and footwear.

The bill would take effect July 1, 2007 if it receives two-thirds vote in each house; otherwise, it would take effect October 1, 2007.

Methodology

For the purpose of this estimate, the Comptroller of Public Accounts gathered data from the U.S. Census Bureau on the sale of clothing and footwear in Texas. The Comptroller adjusted the clothing and footwear sales data for the appropriate price range and duration of the holiday period. The estimates were multiplied by the state sales tax rate and extrapolated through fiscal 2012. According to the Comptroller, the fiscal implications reflect the prepayment of sales taxes and the impact of the provisions of the bill on the first year's collections. The Comptroller proportionally estimated the fiscal impacts on units of local government.

Local Government Impact

The fiscal impact to local government is illustrated in the above tables.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, CT, SD, EB