

**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: HB82** by Branch (Relating to exemptions from the sales tax for certain computers during a limited period.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB82, As Introduced: a negative impact of (\$179,815,000) through the biennium ending August 31, 2009, if the effective date of the bill is July 1, 2007; or a negative impact of (\$102,528,000) through the biennium ending August 31, 2009, if the effective date of the bill is October 1, 2007.

The table below assumes an effective date of July 1, 2007.

**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/SPD Sales Tax Revenue</i>	Probable Revenue Gain/(Loss) from <i>MTA Sales Tax Revenue</i>
2007	(\$20,547,000)	\$0	\$0	\$0
2008	(\$78,097,000)	(\$14,996,000)	(\$1,935,000)	(\$5,145,000)
2009	(\$81,171,000)	(\$15,586,000)	(\$2,011,000)	(\$5,348,000)
2010	(\$84,435,000)	(\$16,213,000)	(\$2,092,000)	(\$5,563,000)
2011	(\$87,465,000)	(\$16,795,000)	(\$2,167,000)	(\$5,762,000)
2012	(\$90,617,000)	(\$17,400,000)	(\$2,245,000)	(\$5,970,000)

The table below assumes an effective date of October 1, 2007.

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/SPD Sales Tax Revenue</i>	Probable Revenue Gain/(Loss) from <i>MTA Sales Tax Revenue</i>
2008	(\$21,357,000)	\$0	\$0	\$0
2009	(\$81,171,000)	(\$15,586,000)	(\$2,011,000)	(\$5,348,000)
2010	(\$84,435,000)	(\$16,213,000)	(\$2,092,000)	(\$5,563,000)
2011	(\$87,465,000)	(\$16,795,000)	(\$2,167,000)	(\$5,762,000)
2012	(\$90,617,000)	(\$17,400,000)	(\$2,245,000)	(\$5,970,000)

**Fiscal Analysis**

The bill would amend Chapter 151 of the Tax Code to create a sales tax exemption for computers with a sales price of less than \$1,000 sold during the current sales tax holiday for clothing and footwear each August.

The bill would take effect July 1, 2007 if it receives two-thirds majority votes 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 on U.S. sales of computers and consumer electronics from the U.S. Census Bureau and the Consumer Electronics Association. The Comptroller adjusted national sales data to reflect sales made in Texas for the appropriate price range and time period, and then multiplied the data by the state sales tax rate. The estimates were adjusted for the potential effective dates of July 1, 2007 and October 1, 2007, and extrapolated through fiscal 2012. The analysis assumes that many consumer electronics devices such as calculators, PDAs, cell phones, video games consoles, and so forth would qualify for the exemption as a definition of the term "computer" is not included in the bill.

According to the Comptroller, the fiscal implications reflect the prepayment of sales taxes and the impact of the bill's provisions 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. The Comptroller reported that there would be no impact on local governments in fiscal 2007 as remitted August sales tax collections would not be allocated to the local jurisdictions until fiscal 2008.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** JOB, CT, SD, EB