

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 27, 2007

TO: Honorable Steve Ogden, Chair, Senate Committee on Finance

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

IN RE: HB142 by Jackson, Jim (Relating to imposition of local sales and use taxes on items shipped or delivered from one transit authority to another transit authority by certain retailers.), **As Engrossed**

<p>No fiscal implication to the State is anticipated.</p>
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The bill would amend Section 322.107 of the Tax code, relating to imposition of local sales and use taxes on items shipped or delivered from one transit authority to another transit authority by certain retailers. The bill would remove the tangible personal property exemption for items that are sold by a retailer whose only place of business is located in the taxing entity and whose total receipts subject to state sales and use tax in the preceding fiscal year were less than \$10,000, and that are shipped or delivered directly to a purchaser in another taxing entity.

Under the provisions of the bill, sellers would be required to collect the sales and use tax based upon the location of the seller unless the taxable items were shipped to a destination without a sales and use tax imposed by a transit authority. The transit authorities would receive additional revenue from goods shipped out of their boundaries and into another transit authority's boundaries, but they would lose revenue from the goods shipped from within another transit authority's boundaries into their own boundaries. The amount of taxable items that are shipped into and out of transit authorities is unknown.

The bill would take effect September 1, 2007.

Local Government Impact

The impact on units of local governments cannot be determined since the amount of tangible personal property that would be subject to tax or to a different tax rate cannot be determined.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, CT, SD, EB