

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 21, 2007

TO: Honorable Tom Craddick, Speaker of the House, House of Representatives

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 certain taxable items shipped outside a transit authority.), **As Passed 2nd House**

No fiscal implication to the State is anticipated.

The bill would repeal Sections 322.105(d) and 322.107 of the Tax Code, relating to the imposition of local sales and use taxes on certain taxable items shipped outside a transit authority.

Under current law, the local sales and use tax imposed by a transit authority is based upon the destination to which the taxable items are delivered. When the taxable items are delivered to a destination in which no local sales and use tax is imposed by another transit authority, then no transit sales or use tax is collected. When the taxable items are delivered to a destination in which a local sales and use tax is imposed by another transit authority, the seller collects the sales and use tax imposed by the transit authority at the destination, unless doing so would result in a total local sales and use tax of more than two percent.

According to the Comptroller of Public Accounts, the bill would eliminate the sales and use tax exemption from sales tax imposed by a transit authority when the taxable items are shipped outside of the authority's boundaries. The bill would require the seller to collect the sales and use tax in the same manner for taxable items regardless of where they are delivered, by collecting the sales and use tax based upon the location of the seller.

The bill would take effect September 1, 2007.

Local Government Impact

According to the Comptroller of Public Accounts, the amount of taxable items that are shipped into and out of transit authorities is unknown; therefore, the impact on units of local governments cannot be estimated 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