

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 4, 2007

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

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

IN RE: **HB1084** by Smith, Todd (Relating to the application of the sales and use tax to the sale of certain food products sold at schools.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1084, As Introduced: a negative impact of (\$1,626,000) through the biennium ending August 31, 2009.

General Revenue-Related Funds, Five-Year Impact:

| Fiscal Year | Probable Net Positive/(Negative) Impact to General Revenue Related Funds |
|-------------|--|
| 2008 | (\$762,000) |
| 2009 | (\$864,000) |
| 2010 | (\$899,000) |
| 2011 | (\$931,000) |
| 2012 | (\$964,000) |

All Funds, Five-Year Impact:

| Fiscal Year | Probable Revenue Gain/(Loss) from GENERAL REVENUE FUND 1 | Probable Revenue Gain/(Loss) from Cities | Probable Revenue Gain/(Loss) from Counties | Probable Revenue Gain/(Loss) from Transit Authorities |
|-------------|--|--|--|---|
| 2008 | (\$762,000) | (\$133,000) | (\$17,000) | (\$46,000) |
| 2009 | (\$864,000) | (\$166,000) | (\$21,000) | (\$57,000) |
| 2010 | (\$899,000) | (\$173,000) | (\$22,000) | (\$59,000) |
| 2011 | (\$931,000) | (\$179,000) | (\$23,000) | (\$61,000) |
| 2012 | (\$964,000) | (\$185,000) | (\$24,000) | (\$64,000) |

Fiscal Analysis

The bill would amend Chapter 151 of the Tax Code to exempt all food items sold by schools, school districts, student organizations, or parent-teacher organizations from the sales tax. Currently, food items sold by these groups are exempt only if sold during the regular school day.

The bill would take effect September 1, 2007.

Methodology

According to the Comptroller of Public Accounts, the bill would exempt food sold by concession stands at school-sponsored athletic events from the sales tax. For the purpose of this estimate, the Comptroller gathered data on taxable sales by concessions companies from its tax files. The Comptroller adjusted the data for sales assumed to be made at athletic events sponsored or sanctioned

by school districts and multiplied the by the state sales tax rate. The estimates were adjusted for the effective date and extrapolated through fiscal 2012. 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