

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: HB1325 by Eiland (Relating to exempting sales of certain hurricane preparation supplies in certain counties from the sales tax for a limited period.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1325, As Introduced: a negative impact of (\$1,640,000) 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	(\$804,000)
2009	(\$836,000)
2010	(\$870,000)
2011	(\$901,000)
2012	(\$934,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE FUND 1</i>	Probable Revenue Gain/(Loss) from <i>Cities</i>	Probable Revenue Gain/(Loss) from <i>Counties</i>	Probable Revenue Gain/(Loss) from <i>Transit Authorities</i>
2008	(\$804,000)	(\$154,000)	(\$20,000)	(\$53,000)
2009	(\$836,000)	(\$161,000)	(\$21,000)	(\$55,000)
2010	(\$870,000)	(\$167,000)	(\$22,000)	(\$57,000)
2011	(\$901,000)	(\$173,000)	(\$22,000)	(\$59,000)
2012	(\$934,000)	(\$179,000)	(\$23,000)	(\$62,000)

Fiscal Analysis

The bill would amend Chapter 151 of the Tax Code to create a sales tax exemption for certain hurricane preparation supplies for a limited period in certain counties. The bill would include the following as hurricane preparation supplies: portable self-powered light sources and radios, tarpaulins, self-contained first-aid kits, ground anchor systems, gasoline or diesel fuel tanks, batteries, nonelectric food storage coolers, and portable generators; and each item would be exempt if its sales price did not exceed a specified amount.

Under the provisions of the bill, hurricane preparation items would be exempted if purchased during a period beginning on June 1 and ending on June 12.

The bill would take effect September 1, 2007.

Methodology

For the purpose of this analysis, the Comptroller of Public Accounts gathered data on the sale of the specified hurricane preparation supplies from a variety of sources including the U.S. Census Bureau. The Comptroller adjusted sales data to reflect sales made in Texas and for appropriate price range and exemption period; and then multiplied the adjusted data by the state sales tax rate and extrapolated it through 2012 to determine the estimate. The fiscal impact on units of local government was estimated proportionally.

This analysis assumes Harris County does not border on the Gulf of Mexico and, therefore, is not included.

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