

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: HJR49 by Vo (Proposing a constitutional amendment prohibiting the taxation of the sale or use of certain food, drinks, and medicine.), **As Introduced**

No fiscal implication to the State is anticipated.

The resolution would propose a constitutional amendment to add a new section to Article VIII of the Texas Constitution to prohibit the Legislature from enacting a general law that would impose a state tax on the sale or use of a food, drink, or medicine that was not subject to taxation under Chapter 151 of the Tax Code on January 1, 2007.

The proposed amendment would add a temporary constitutional provision that would cause any law enacted during a session of the 80th Legislature that was prohibited by the proposed amendment to expire January 1, 2009.

According to the Comptroller of Public Accounts, the proposed amendment, by itself, would have no fiscal impact because it would not affect the treatment of taxable items under Tax Code Chapter 151. For the purpose of this analysis, the Comptroller assumes that the Legislature, upon approval of the proposed amendment by the voters, would not be able to impose a state tax on a food, drink, or medicine currently subject to taxation, but currently exempt from tax under Tax Code Chapter 151.

The proposed amendment would be submitted to the voters at an election to be held November 6, 2007.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, CT, SD, EB