

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 9, 2007

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

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

IN RE: SB1010 by Patrick, Dan (Relating to exempting sales of certain hurricane preparation and summer seasonal supplies from the sales tax for a limited period.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1010, As Introduced: a negative impact of (\$120,620,000) 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	(\$59,199,000)
2009	(\$61,421,000)
2010	(\$63,708,000)
2011	(\$66,038,000)
2012	(\$68,466,000)

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	(\$59,199,000)	(\$11,367,000)	(\$1,467,000)	(\$3,900,000)
2009	(\$61,421,000)	(\$11,794,000)	(\$1,522,000)	(\$4,046,000)
2010	(\$63,708,000)	(\$12,233,000)	(\$1,579,000)	(\$4,197,000)
2011	(\$66,038,000)	(\$12,681,000)	(\$1,636,000)	(\$4,351,000)
2012	(\$68,466,000)	(\$13,147,000)	(\$1,697,000)	(\$4,511,000)

Fiscal Analysis

The bill would amend Chapter 151 of the Tax Code to create a limited sales tax exemption for certain hurricane preparation and summer seasonal supplies. Under the provisions of the bill, hurricane preparation or summer seasonal items would be exempt if purchased within a period beginning on the first Friday in June and ending the following Sunday.

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 and summer seasonal items 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.

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