

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 22, 2007

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

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

IN RE: SB2015 by Duncan (Relating to the consummation of sales for purposes of the computation of local sales and use taxes.), **As Introduced**

<p>No significant fiscal implication to the State is anticipated.</p>
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The bill would amend the Tax Code to standardize the sourcing provisions for all taxable items as they relate to the collection of local sales and use taxes.

Currently, local sales taxes on tangible personal property are imposed using origin-based sourcing rules; and local sales taxes on taxable services are imposed using destination-based sourcing rules. According to the Comptroller of Public Accounts, the bill would restore statutes in effect before the passage of HB 2425, 78th Regular Legislative Session (2003) that changed the local sales tax sourcing provisions for taxable services from origin-based rules to destination-based rules as part of an effort to comply with the Streamlined Sales Tax Project (SSTP). The bill would repeal Tax Code Sections 151.103(d) and 151.202(c), relating to a seller's responsibility for the collection of local use taxes under destination-based sourcing rules, and Sections 321.203(1) and 323.203(1), relating to destination-based sourcing rules for taxable services. Furthermore, the bill would specify that for the purpose of imposing local sales and use taxes, the sale of nonresidential real property repair and remodeling services are consummated at the location of the job site.

The bill would take effect immediately upon enactment if it receives two-thirds vote in each house; otherwise, it would take effect September 1, 2007.

Local Government Impact

According to the Comptroller of Public Accounts, the fiscal impact on units of local government cannot be determined.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, CT, SD, EB