

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**April 26, 2009**

**TO:** Honorable Rene Oliveira, Chair, House Committee on Ways & Means

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

**IN RE: HB450** by Taylor (Relating to exempting certain hurricane preparation supplies from the sales tax for a limited period.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB450, As Introduced: a negative impact of (\$11,275,000) through the biennium ending August 31, 2011.

**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2010	(\$5,496,000)
2011	(\$5,779,000)
2012	(\$6,043,000)
2013	(\$6,305,000)
2014	(\$6,573,000)

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Revenue (Loss) from <i>General Revenue Fund 1</i>	Probable Revenue (Loss) from <i>Cities</i>	Probable Revenue (Loss) from <i>Transit Authorities</i>	Probable Revenue (Loss) from <i>Counties</i>
2010	(\$5,496,000)	(\$1,022,000)	(\$349,000)	(\$144,000)
2011	(\$5,779,000)	(\$1,075,000)	(\$367,000)	(\$152,000)
2012	(\$6,043,000)	(\$1,124,000)	(\$383,000)	(\$159,000)
2013	(\$6,305,000)	(\$1,173,000)	(\$400,000)	(\$166,000)
2014	(\$6,573,000)	(\$1,222,000)	(\$417,000)	(\$173,000)

**Fiscal Analysis**

The bill would amend Chapter 151 of the Tax Code to create a sales tax exemption for certain hurricane preparation supplies during a certain period of the year.

Under the bill, hurricane preparation supplies would include certain ice packs, self-powered light sources, battery-powered flashlights, certain lanterns, oil-fueled torches, candles, duct tape, manual can opener, first aid kits, radios, tarpaulins, ground anchor systems, bungee cords, ratchet straps, power cords, gasoline fuel tanks, batteries, food storage coolers, water storage containers, cellular telephone batteries and chargers, carbon monoxide detectors, smoke detectors, fire extinguisher, storm shutter devices, and portable generators and power inverters. Each item would be exempt if its sales price did not exceed a specified amount.

The bill would exempt hurricane preparation items if purchased during a period beginning on the first Friday in June and ending on the following Sunday.

The bill would take effect September 1, 2009.

### **Methodology**

Data on the sale of the specified hurricane preparation supplies were gathered from a variety of sources including the U.S. Bureau of the Census. Sales were adjusted to reflect Texas; adjusted for the appropriate price range and exemption period; multiplied by the state sales tax rate; and extrapolated through fiscal 2014.

### **Local Government Impact**

There would be a proportional loss of sales tax revenue to units of local government.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** JOB, MN, SD, KK