

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 19, 2009

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

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

IN RE: HB2762 by Martinez Fischer (Relating to exemptions from the sales tax for certain school supplies.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2762, As Introduced: a negative impact of (\$228,473,000) through the biennium ending August 31, 2011, if the effective date of the bill is July 1, 2009; or a negative impact of (\$202,050,000) through the biennium ending August 31, 2011, if the effective date of the bill is October 1, 2009.

All Funds, Six-Year Impact:

Fiscal Year	Probable Revenue (Loss) from <i>General Revenue Fund</i> 1	Probable Revenue (Loss) from <i>Cities</i>	Probable Revenue (Loss) from <i>Transit Authorities</i>	Probable Revenue (Loss) from <i>Counties</i>
2009	(\$8,610,000)	\$0	\$0	\$0
2010	(\$108,126,000)	(\$20,107,000)	(\$6,856,000)	(\$2,841,000)
2011	(\$111,737,000)	(\$20,778,000)	(\$7,084,000)	(\$2,938,000)
2012	(\$115,326,000)	(\$21,445,000)	(\$7,314,000)	(\$3,032,000)
2013	(\$118,978,000)	(\$22,125,000)	(\$7,544,000)	(\$3,128,000)
2014	(\$122,827,000)	(\$22,841,000)	(\$7,788,000)	(\$3,229,000)

The above table assumes an effective date of July 1, 2009. The table below assumes an effective date of October 1, 2009.

Fiscal Year	Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> 1	Probable Revenue Gain/(Loss) from <i>Cities</i>	Probable Revenue Gain/(Loss) from <i>Transit Authorities</i>	Probable Revenue Gain/(Loss) from <i>Counties</i>
2010	(\$90,313,000)	(\$15,139,000)	(\$5,163,000)	(\$2,140,000)
2011	(\$111,737,000)	(\$20,778,000)	(\$7,084,000)	(\$2,938,000)
2012	(\$115,326,000)	(\$21,445,000)	(\$7,314,000)	(\$3,032,000)
2013	(\$118,978,000)	(\$22,125,000)	(\$7,544,000)	(\$3,128,000)
2014	(\$122,827,000)	(\$22,841,000)	(\$7,788,000)	(\$3,229,000)

Fiscal Analysis

The bill would amend Chapter 151 of the Tax Code to create a sales tax exemption for specified school supplies including backpacks, regardless of when the supplies are purchased.

The bill would repeal Section 151.327 of the Tax Code, relating to an existing sales tax exemption for school backpacks before the start of school.

The bill would take effect July 1, 2009, assuming that it received the requisite two-thirds majority

votes in both houses of the Legislature. Otherwise, it would take effect October 1, 2009.

Methodology

State sales tax collections from the sale of school supplies were estimated based on national data gathered from the U.S. Bureau of the Census. National sales were adjusted to reflect sales made in Texas; multiplied by the state sales tax rate; adjusted for potential effective dates for the bill of July 1, 2009, and October 1, 2009; and extrapolated through fiscal 2014.

Local Government Impact

There will 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