

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 26, 2011

TO: Honorable Harvey Hilderbran, Chair, House Committee on Ways & Means

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

IN RE: HB2782 by Callegari (Relating to exemptions from the sales tax for certain firearms, hunting equipment, ammunition, and firearm or hunting accessories for a limited period.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2782, As Introduced: a negative impact of (\$9,600,000) through the biennium ending August 31, 2013.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2012	(\$4,700,000)
2013	(\$4,900,000)
2014	(\$5,100,000)
2015	(\$5,400,000)
2016	(\$5,700,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from <i>General Revenue Fund 1</i>	Probable Revenue (Loss) from <i>Municipalities</i>	Probable Revenue (Loss) from <i>Transit Authorities</i>	Probable Revenue (Loss) from <i>Counties and Special Districts</i>
2012	(\$4,700,000)	(\$900,000)	(\$300,000)	(\$200,000)
2013	(\$4,900,000)	(\$1,000,000)	(\$300,000)	(\$200,000)
2014	(\$5,100,000)	(\$1,000,000)	(\$300,000)	(\$200,000)
2015	(\$5,400,000)	(\$1,100,000)	(\$300,000)	(\$200,000)
2016	(\$5,700,000)	(\$1,100,000)	(\$300,000)	(\$200,000)

Fiscal Analysis

The bill would amend Chapter 151, Tax Code, regarding exemptions from the sales tax of certain firearms, ammunition, hunting equipment, and related accessories for a limited period.

New Section 151.356 would provide that the sale of firearms, ammunition, shooting supplies, archery equipment, firearm optics, hunting optics, hunting electronics, hunting decoys, game calls, game traps, game feeders, game carriers, game scents, game attractants, hunting blinds and stands, and related accessories would be exempt from state and local sales taxation for a three-day period beginning with the second Friday in October and ending the following Sunday.

The bill would take effect July 1, 2011 if it receives the requisite two-thirds votes in each house, otherwise it would take effect October 1, 2011.

Methodology

Data from the Comptroller's tax files supplemented with data from industry sources on consumer purchases of the items eligible for the proposed exemption was used to estimate the volume of sales expected to be diverted to the tax-free weekend proposed in the bill. The state sales tax rate was applied to estimate the reduction in state sales tax collections. The effects on units of local governments were estimated proportionally.

The estimate assumes that camouflage and other hunting related clothing are not considered accessories related to the items to be exempted during this 3 day period and would therefore not be eligible for the exemption.

Inasmuch as the actions necessary to implement the provisions of the bill can be taken in advance of the second Friday of October 2011, whether the effective date of the bill is July 1 or October 1, the fiscal implications of the bill would be the same regardless of which effective date pertains.

If the bill were to become enacted, it would also have a negative effect on the amount dedicated to the Texas Parks and Wildlife Department and Texas Historical Commission, which is determined by the amount of sales tax revenue on the sale of certain sporting goods.

Local Government Impact

There would be a proportional loss of sales and use tax revenue to local taxing jurisdictions.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, KK, SD