

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 17, 2011

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

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

IN RE: HB3012 by Giddings (Relating to the exemption from the sales tax for certain school art supplies during limited periods.), As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for HB3012, As Introduced: a negative impact of (\$1,350,000) through the biennium ending August 31, 2013, if the bill is effective immediately; or a negative impact of (\$650,000) through the biennium ending August 31, 2013, if the effective date of the bill is September 1, 2011.

All Funds, Six-Year Impact:

Fiscal Year	Probable Revenue (Loss) from General Revenue Fund 1	Probable Revenue (Loss) from Local Taxing Jurisdictions
2011	(\$100,000)	\$0
2012	(\$600,000)	(\$150,000)
2013	(\$650,000)	(\$200,000)
2014	(\$700,000)	(\$200,000)
2015	(\$700,000)	(\$200,000)
2016	(\$750,000)	(\$200,000)

The table above displays the revenue loss if the bill was effective immediately. The table below displays the revenue loss if the bill is effective September 1, 2011.

Fiscal Year	Probable Revenue (Loss) from General Revenue Fund 1	Probable Revenue (Loss) from Local Taxing Jurisdictions
2012	(\$50,000)	\$0
2013	(\$600,000)	(\$150,000)
2014	(\$700,000)	(\$200,000)
2015	(\$700,000)	(\$200,000)
2016	(\$750,000)	(\$200,000)

Fiscal Analysis

The bill would amend Chapter 151, Tax Code to add certain school art supplies to the definition of school supplies eligible for exemption during a limited period.

The bill would amend Section 151.327(a)(2) to add a paintbrush used for artwork, watercolors, and acrylic, tempera, and oil paints to the items eligible for exemption.

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

Methodology

Census Bureau data, school art supply price data, Texas Education Agency data on enrollment in art classes, and Comptroller tax files data were used to develop an estimate of school art supply purchases that would occur within the annual August tax holiday, and the state sales tax rate applied to estimate the revenue impact. Effects on units of local government were estimated proportionally.

If the bill were to receive immediate effect, the additional items would be eligible for exemption during the August 2011 tax holiday. This would principally impact fiscal 2012 revenues, but there would be some effect in fiscal 2011 due to estimated prepayments of tax. If the bill were to take effect September 1, 2011 the first affected tax holiday would be that of August 2012.

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

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