

**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: HB3104** by Simpson (Relating to precious metal coins.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB3104, As Introduced: a negative impact of (\$1,700,000) through the biennium ending August 31, 2013, if the bill takes immediate effect; or a negative impact of (\$1,500,000) 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 <i>General Revenue Fund</i> 1	Probable Revenue (Loss) from <i>Municipalities</i>	Probable Revenue (Loss) from <i>Transit Authorities</i>
2011	(\$100,000)	\$0	\$0
2012	(\$800,000)	(\$200,000)	\$0
2013	(\$800,000)	(\$200,000)	\$0
2014	(\$900,000)	(\$200,000)	(\$100,000)
2015	(\$900,000)	(\$200,000)	(\$100,000)
2016	(\$1,000,000)	(\$200,000)	(\$100,000)

The table above displays the revenue implications if the bill takes immediate effect. The table below displays the revenue implications if the effective date of the bill is September 1, 2011.

Fiscal Year	Probable Revenue (Loss) from <i>General Revenue Fund</i> 1	Probable Revenue (Loss) from <i>Municipalities</i>	Probable Revenue (Loss) from <i>Transit Authorities</i>
2012	(\$700,000)	(\$200,000)	\$0
2013	(\$800,000)	(\$200,000)	\$0
2014	(\$900,000)	(\$200,000)	(\$100,000)
2015	(\$900,000)	(\$200,000)	(\$100,000)
2016	(\$1,000,000)	(\$200,000)	(\$100,000)

**Fiscal Analysis**

The bill would amend Chapter 151 of the Tax Code, regarding the sales and use tax.

The bill would amend Section 151.336 to remove the limitation of the current exemption of gold, silver, or numismatic coins or of platinum, gold, or silver bullion to sales of \$1,000 or more. The effect would be to exempt all sales of the precious metal items, regardless of sales price.

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**

U.S. Census Bureau product line data for coins, medals, and other numismatic items were applied to the reported gross sales of Texas used merchandise stores, jewelry stores, art dealers, and other miscellaneous retailers to estimate currently taxable sales of the items proposed for exemption, and the state sales tax rate applied. This estimate was then extrapolated through the forecast period, and effects on units of local government estimated proportionally. There would be a negligible fiscal impact on counties and special districts.

## **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