

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 2, 2011

TO: Honorable Steve Ogden, Chair, Senate Committee on Finance

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

IN RE: SB1798 by West (Relating to a presumption that certain retailers are engaged in business in this state for the purpose of the use tax.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend Chapter 151 of the Tax Code, regarding the sales and use tax, to provide that a retailer is engaged in business in this state if the retailer enters into an agreement with a resident under which the resident receives a commission or other consideration for referring potential customers to the retailer, including by means of a link on a website, provided that during the previous four calendar quarters the retailer had at least \$10,000 in sales to customers in this state who were referred to the retailer by residents under such an agreement.

Major online retailers have canceled such agreements with residents of states that have enacted similar provisions, including North Carolina, Rhode Island, and Illinois, and have announced their intention to cancel such agreements with other states that enact similar provisions. Accordingly, no significant additional revenue can be anticipated as a result of enactment of this provision.

The bill would take effect September 1, 2011.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, KK, SD