

BILL ANALYSIS

Senate Research Center
83R4130 ADM-D

H.B. 697
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Finance
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, certain food products sold by booster clubs and other similar school support organizations do not receive the same sales tax exemptions as food products sold by a parent-teacher association. There is concern that recent efforts by the comptroller of public accounts of the State of Texas to start collecting the sales taxes on the sale of such non-exempt food products means that school booster clubs that give 100 percent of their proceeds to benefit a school or school organization will be forced to charge taxes during both concession stand sales and when selling school spirit merchandise.

H.B. 697 seeks to amend current law so that booster clubs and other school support organizations can be treated in the same manner as a parent-teacher association and other similar entities that are in place only to help students and the school.

H.B. 697 amends current law relating to a sales and use tax exemption for certain items sold by school booster clubs and support organizations, and authorizes a sales and use tax exemption.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 151.314(d), Tax Code, as follows:

(d) Provides that food products, meals, soft drinks, and candy for human consumption are exempted from the taxes imposed by this chapter (Limited Sales, Excise, and Use Tax) if certain conditions are met, including if the food products, meals, soft drinks, and candy are served by a public or private school, school district, student organization, booster club or other school support organization, or parent-teacher association under an agreement with the proper school authorities in an elementary or secondary school during the regular school day or by a parent-teacher association during a fund-raising sale the proceeds of which do not benefit an individual, or sold during an event sponsored or sanctioned by an elementary or secondary school or school district at a concession stand operated by a booster club or other school support organization formed to support the school or school district, but only if the proceeds from the sales benefit the school or school district.

SECTION 2. Amends Subchapter H, Chapter 151, Tax Code, by adding Section 151.3261, as follows:

Sec. 151.3261. SCHOOL SPIRIT MERCHANDISE. (a) Defines "school spirit merchandise" in this section.

(b) Provides that school spirit merchandise sold by a booster club or other school support organization formed to support an elementary or secondary school or school district is exempted from the taxes imposed by this chapter if the proceeds from the sales benefit the school or school district and the merchandise is:

(1) sold under an agreement with the proper school authorities in an elementary or secondary school during the regular school day; or

(2) sold during an event sponsored or sanctioned by an elementary or secondary school or school district at a stand operated by the booster club or other school support organization.

SECTION 3. Provides that the change in law made by this Act does not affect tax liability accruing before the effective date of this Act. Provides that the tax liability continues in effect as if this Act had not been enacted, and the former law is continued in effect for the collection of taxes due and for civil and criminal enforcement of the liability for those taxes.

SECTION 4. Effective date: September 1, 2013.