

BILL ANALYSIS

Senate Research Center
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S.B. 761
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Finance
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, the rural volunteer fire department insurance fund is supported by a two percent taxation on the sale of fireworks, in addition to the state sales tax. The comptroller of public accounts of the State of Texas has reported that the amount of revenue collected from this additional tax is not worth the cost of administration of this tax.

S.B. 761 repeals Chapter 161 (Fireworks Tax) of the Tax Code, the additional two percent tax on the sale of fireworks. In order to continue funding the rural volunteer fire department insurance fund, S.B. 761 dedicates up to two percent of the state sales tax on the sale of fireworks to the fund. The definitions of what does not constitute fireworks are imported from the current Chapter 161.

As proposed, S.B. 761 amends current law relating to the taxation of fireworks.

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 151.801, Tax Code, by amending Subsections (a) and (d) and adding Subsection (c-2), as follows:

(a) Requires the amounts allocated under Subsection (c-2) to be exempt from the collection of taxes imposed by this chapter.

(c-2) Requires that an amount equal to the revenue derived from the collection of taxes at the rate of two percent on each sale at retail of fireworks be deposited to the credit of the rural volunteer fire department insurance fund (fund) established under Section 614.075 (Fund), Government Code.

(d) Requires the comptroller of public accounts of the State of Texas (comptroller) to determine the amount to be deposited to the fund under Subsection (c-2) according to available statistical data indicating the estimated or actual total receipts in this state from taxes imposed on sales at retail of fireworks. Authorizes the comptroller to require taxpayers who make taxable sales or uses of certain items, or of fireworks to report to the comptroller as necessary to make the allocation required by Subsection (b), (c), or (c-2) if satisfactory data are not available. Makes nonsubstantive changes.

SECTION 2. Amends Section 151.801(e), Tax Code, by adding Subdivision (3) to define "fireworks."

SECTION 3. Amends Section 614.072(h), Government Code, as follows:

(h) Prohibits administration costs associated with the rural volunteer fire department insurance program during a state fiscal year from exceeding seven percent of the total deposited to the credit of the fund as required by Section 151.801(c-2), Tax Code, rather

than seven percent of the total revenue collected from the tax imposed under Chapter 161 (Fireworks Tax), Tax Code, during the previous fiscal year.

SECTION 4. Amends Section 614.075(a), Government Code, as follows:

(a) Provides that the fund is an account in the general revenue fund and is composed of money deposited as required by Section 151.801(c-2), rather than money collected under Chapter 161, Tax Code, and contributions to the fund from any other source.

SECTION 5. Repealer: Chapter 161 (Fireworks Tax), Tax Code.

SECTION 6. Makes application of this Act prospective.

SECTION 7. Effective date: September 1, 2015.