

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 6, 2015

TO: Honorable Dennis Bonnen, Chair, House Committee on Ways & Means

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB712 by Springer (Relating to an exemption from the sales tax for Firearms and Firearm supplies for a limited period.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB712, As Introduced: a negative impact of (\$6,090,000) through the biennium ending August 31, 2017.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2016	(\$2,970,000)
2017	(\$3,120,000)
2018	(\$3,280,000)
2019	(\$3,440,000)
2020	(\$3,610,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from General Revenue Fund 1	Probable Revenue (Loss) from Cities	Probable Revenue (Loss) from Transit Authorities	Probable Revenue (Loss) from Counties and Special Districts
2016	(\$2,970,000)	(\$550,000)	(\$190,000)	(\$100,000)
2017	(\$3,120,000)	(\$580,000)	(\$200,000)	(\$110,000)
2018	(\$3,280,000)	(\$600,000)	(\$210,000)	(\$110,000)
2019	(\$3,440,000)	(\$630,000)	(\$220,000)	(\$120,000)
2020	(\$3,610,000)	(\$670,000)	(\$230,000)	(\$120,000)

Fiscal Analysis

The bill would amend Chapter 151 of the Tax Code, to provide for an exemption from sales tax of a firearm or firearm supplies if the sale takes place during a period beginning with the Friday before the last full weekend before the first opening day of dove hunting season and ending with the following Sunday.

The term "firearm supplies" would include ammunition, firearm cleaning supplies, gun cases, gun

safes, firearm optics, and trigger locking devices.

If the bill were to fail to take effect before September 1, 2015, there would be an exemption period provided for the year 2015 beginning with Friday, September 4 and ending the following Sunday.

This bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2015.

Methodology

National and regional data on annual firearm and firearm supplies sales from an annual report issued by the National Sporting Goods Association was apportioned to the state based on population, adjusted for the portion that would likely occur during the exemption period, multiplied by the state sales tax rate, and extrapolated through 2020. The fiscal implications for units of local government were estimated proportionally.

As written, the bill either is missing Section 2, or Sections 3 and 4 are mis-labeled. The bill language refers to "the last full weekend before the first opening day of dove hunting in this state as determined by the Parks and Wildlife Department." There are multiple dove hunting seasons in the state, with varying opening days depending on location (zone) within the state and more than one season in each zone. For purposes of analysis, the estimate assumes only one tax exemption period. If multiple exemption periods were to occur, the losses shown below would be greater if the exemption were to be observed statewide each time.

Local Government Impact

There would be a proportional loss of sales and use tax revenue from local taxing jurisdictions.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK