

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 13, 2015

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2313 by Bohac (Relating to an exemption from the sales and use tax for items sold through a vending machine operated by certain nonprofit organizations.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2313, As Introduced: a negative impact of (\$800,000) 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 | (\$400,000) |
| 2017 | (\$400,000) |
| 2018 | (\$400,000) |
| 2019 | (\$400,000) |
| 2020 | (\$400,000) |

All Funds, Five-Year Impact:

| Fiscal Year | Probable Revenue (Loss) from <i>General Revenue Fund</i> 1 | Probable Revenue (Loss) from <i>Cities</i> | Probable Revenue (Loss) from <i>Transit Authorities</i> | Probable Revenue (Loss) from <i>Counties and Special Districts</i> |
|-------------|---|--|---|--|
| 2016 | (\$400,000) | (\$70,000) | (\$30,000) | (\$10,000) |
| 2017 | (\$400,000) | (\$70,000) | (\$30,000) | (\$10,000) |
| 2018 | (\$400,000) | (\$70,000) | (\$30,000) | (\$10,000) |
| 2019 | (\$400,000) | (\$70,000) | (\$30,000) | (\$10,000) |
| 2020 | (\$400,000) | (\$70,000) | (\$30,000) | (\$10,000) |

Fiscal Analysis

The bill would add new Section 151.3051 to Chapter 151 of the Tax Code, to provide for a sales and use tax exemption on the sales of certain tangible personal property sold through vending machines.

The bill would exempt tangible personal property sold through vending machines operated by qualified nonprofit organizations exempt under Section 151.310(a)(2) of the Tax Code, and

stocked and maintained by special needs individuals as part of an independent life skills and education program operated by the nonprofit organizations.

Qualified organizations under Section 151.310(a)(2) include charitable organizations, social welfare organizations, employee associations, fraternal beneficiary societies, domestic fraternal beneficiary societies, and veterans organizations.

The bill would take effect September 1, 2015.

Methodology

The following estimate is based on data from Comptroller tax files on sales tax remittances from vending machine operators, and on an assumption that 3 percent of the total may be serviced by eligible nonprofit organizations.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD