

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**May 11, 2015**

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

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: SB228** by Creighton (Relating to an exemption from the sales tax for firearms and hunting supplies for a limited period.), **As Engrossed**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB228, As Engrossed: a negative impact of (\$6,350,000) through the biennium ending August 31, 2017, if the bill takes immediate effect; or a negative impact of (\$6,360,000) through the biennium ending August 31, 2017, if the effective date of the bill is September 1, 2015.

**All Funds, Six-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>
2015	(\$220,000)	(\$40,000)	(\$10,000)	(\$10,000)
2016	(\$2,990,000)	(\$550,000)	(\$190,000)	(\$100,000)
2017	(\$3,140,000)	(\$580,000)	(\$200,000)	(\$110,000)
2018	(\$3,300,000)	(\$610,000)	(\$210,000)	(\$110,000)
2019	(\$3,460,000)	(\$640,000)	(\$220,000)	(\$120,000)
2020	(\$3,630,000)	(\$670,000)	(\$230,000)	(\$120,000)

The table above assumes the bill takes immediate effect. The table below assumes the bill takes effect on September 1, 2015.

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	(\$3,220,000)	(\$590,000)	(\$200,000)	(\$110,000)
2017	(\$3,140,000)	(\$580,000)	(\$200,000)	(\$110,000)
2018	(\$3,300,000)	(\$610,000)	(\$210,000)	(\$110,000)
2019	(\$3,460,000)	(\$640,000)	(\$220,000)	(\$120,000)
2020	(\$3,630,000)	(\$670,000)	(\$230,000)	(\$120,000)

## **Fiscal Analysis**

The bill would amend Chapter 151 of the Tax Code, to provide an exemption of firearms and hunting supplies from sales and use taxes for a limited period.

The bill would add Section 151.358 to provide an exemption from sales tax of firearm or hunting supplies if the sale takes place beginning with the Saturday of the last full weekend in August and ending with the following Sunday. The new section would define "hunting supplies" to include ammunition, archery equipment, hunting blinds and stands, hunting decoys, firearm cleaning supplies, gun cases, gun safes, hunting optics, and hunting safety equipment.

In the event the bill fails to take immediate effect, there is provision for a tax exemption period beginning on Friday before the first full weekend in September 2015 and ending the following Sunday.

The bill would take effect immediately upon enactment, assuming 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 hunting 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 periods, multiplied by the state sales tax rate, and extrapolated through 2020. The fiscal implications for units of local government were estimated proportionally.

To the extent spending on other items, including hunting licenses, is induced by this sales tax holiday, there may be some offsetting increase in revenue. This amount, however, cannot be estimated.

## **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, SD