

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

March 2, 2015

TO: Honorable Jane Nelson, Chair, Senate Committee on Finance

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB761 by Creighton (Relating to the taxation of fireworks.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB761, As Introduced: a negative impact of (\$2,930,000) 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	(\$1,465,000)
2017	(\$1,465,000)
2018	(\$1,465,000)
2019	(\$1,465,000)
2020	(\$1,465,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from <i>General Revenue Fund</i> 1
2016	(\$1,465,000)
2017	(\$1,465,000)
2018	(\$1,465,000)
2019	(\$1,465,000)
2020	(\$1,465,000)

Fiscal Analysis

The bill would repeal Chapter 161 of the Tax Code, which imposes a tax at a rate of two percent on the sale at retail of fireworks.

The bill would amend Section 151.801 of the Tax Code to add new Subsection (c-2) to provide that an amount equal to the revenue derived from the collection of taxes at a rate of two percent on each sale at retail of fireworks shall be deposited to the credit of GR Account 5066-Rural Volunteer Fire Department Insurance. A detailed definition for fireworks would be added to this section.

The bill would make conforming changes in the Government Code.

The bill would take effect September 1, 2015.

Methodology

The estimate indicated below is based on the Comptroller's 2016-2017 Biennial Revenue Estimate.

The Comptroller's office has indicated that repealing the fireworks tax, when combined with the repeal of taxes on inheritances, controlled substances, oil regulation, sulphur, and liquified gas, will allow the Comptroller to redeploy resources to audit and enforcement activities for other sources of revenue. It is expected that redeploying these resources will generate revenue sufficient to offset revenue lost from repealing the fireworks tax.

This legislation would create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD