

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 8, 2015

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB904 by Hinojosa (Relating to exempting emergency preparation supplies from the sales and use tax for a limited period.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for SB904, As Engrossed: a negative impact of (\$2,250,000) 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	(\$1,100,000)
2017	(\$1,150,000)
2018	(\$1,200,000)
2019	(\$1,250,000)
2020	(\$1,300,000)

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	(\$1,100,000)	(\$200,000)	(\$70,000)	(\$40,000)
2017	(\$1,150,000)	(\$210,000)	(\$70,000)	(\$40,000)
2018	(\$1,200,000)	(\$220,000)	(\$80,000)	(\$40,000)
2019	(\$1,250,000)	(\$230,000)	(\$80,000)	(\$40,000)
2020	(\$1,300,000)	(\$240,000)	(\$80,000)	(\$40,000)

Fiscal Analysis

The bill would amend Chapter 151 of the Tax Code, regarding the limited sales, excise and use tax.

The bill would add new Section 151.3565 to exempt an emergency preparation item from the limited sales, excise, and use tax if the sale takes place during a period of time beginning at 12:01 am on the Saturday before the last Monday in April and ending at 12 midnight on the last Monday

in April.

The bill would define an emergency preparation item for the purposes of this bill to mean: a portable generator the sales price of which is less than \$3,000; certain storm protection devices or an emergency or rescue ladder the sales price of which is less than \$300; and, if the sales price is less than \$75, a reusable or artificial ice product, a portable self powered light source, a gasoline or fuel container, specified batteries, a nonelectric cooler or ice chest, a tarpaulin or other flexible waterproof sheeting, a ground anchor system or tie-down kit, a mobile telephone battery or battery charger, a portable self powered radio, a fire extinguisher, smoke detector or carbon monoxide detector, a hatchet or axe, a self contained first aid kit, or a nonelectric can opener.

The bill would take effect September 1, 2015.

Methodology

The estimate is based on the assumption that one percent of Texas households would make eligible purchases during the tax free period at an average per household expenditure of \$200, then extrapolated through 2020 in view of inflation and growth in the number of households.

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