

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 10, 2017

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB4054** by Murphy (Relating to the application of sales and use taxes to certain food items.), **As Engrossed**

<p>No significant fiscal implication to the State is anticipated.</p>
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The bill would amend Section 151.314 of the Tax Code, with respect to sales taxation of certain bakery items.

A new Subsection (b-2) would be added to define "bakery" and "bakery items."

Subsection (c-3) would be amended to provide for exemption of bakery items when sold by a bakery, regardless of whether heated or unheated and regardless of whether sold with or without utensils. Under current law, a bakery item if heated or if sold with utensils would be taxable.

Explicit exemption of heated bakery items sold by a bakery with or without utensils would have no significant fiscal impact on the state, as in practice most bakeries do not distinguish between heated and unheated items when making the sales.

This bill would take effect September 1, 2017.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD