

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

**FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION**

**April 10, 2017**

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

**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 Introduced**

**No significant fiscal implication to the State is anticipated.**

The bill would amend Section 151.314 of the Tax Code, to provide for the exemption of bakery items from the sales and use tax.

Section 151.314(c-3) would be amended to add bakery items regardless of whether the item is heated by the consumer or seller to the list of food products exempted from the sales and use tax.

Explicit exemption of heated bakery items would result in a negligible decrease in sales tax revenues, as in practice sellers of bakery items do not distinguish between heated and unheated items when making the sales.

The 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