

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 23, 2019

TO: Honorable Dustin Burrows, Chair, House Committee on Ways & Means

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
 Legislative Budget Board

IN RE: HB313 by Howard (Relating to a sales and use tax exemption for child and adult
 diapers.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB313, As Introduced:
 a negative impact of (\$92,000,000) through the biennium ending August 31, 2021.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2020	(\$43,400,000)
2021	(\$48,600,000)
2022	(\$49,800,000)
2023	(\$51,200,000)
2024	(\$52,500,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from <i>General Revenue Fund 1</i>	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>
2020	(\$43,400,000)	(\$8,040,000)	(\$2,760,000)	(\$1,620,000)
2021	(\$48,600,000)	(\$9,000,000)	(\$3,090,000)	(\$1,820,000)
2022	(\$49,800,000)	(\$9,230,000)	(\$3,170,000)	(\$1,870,000)
2023	(\$51,200,000)	(\$9,490,000)	(\$3,260,000)	(\$1,920,000)
2024	(\$52,500,000)	(\$9,730,000)	(\$3,340,000)	(\$1,970,000)

Fiscal Analysis

The bill would amend Section 151.313 of the Tax Code, to provide for the exemption of child and adult diapers from the sales and use tax.

Section 151.313(a) would be amended to add the exemption of diapers, absorbency undergarments, and guards or pads, when used for protection against urinary or colonic leakage.

The bill would take effect September 1, 2019.

Methodology

Industry data on national sales of diapers and incontinence products were apportioned to the state based on population, reduced to omit estimated non-taxable sales to entities such as nonprofit organizations, multiplied by the sales tax rate to estimate the applicable sales tax, and extrapolated through 2024.

Local Government Impact

There would be a proportional loss of sales and use tax revenue from units of local government.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: WP, KK, SD