

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 23, 2019

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

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

IN RE: **SB457** by Creighton (Relating to an exemption from sales and use taxes for firearms and hunting supplies for a limited period.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB457, As Introduced: a negative impact of (\$13,300,000) 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	(\$6,500,000)
2021	(\$6,800,000)
2022	(\$7,100,000)
2023	(\$7,400,000)
2024	(\$7,700,000)

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	(\$6,500,000)	(\$1,200,000)	(\$410,000)	(\$240,000)
2021	(\$6,800,000)	(\$1,260,000)	(\$430,000)	(\$250,000)
2022	(\$7,100,000)	(\$1,320,000)	(\$450,000)	(\$270,000)
2023	(\$7,400,000)	(\$1,370,000)	(\$470,000)	(\$280,000)
2024	(\$7,700,000)	(\$1,430,000)	(\$490,000)	(\$290,000)

Fiscal Analysis

The bill would amend Chapter 151 of the Tax Code, to provide an exemption of firearms and hunting supplies from sales and use taxes for a limited period.

The bill would add Section 151.358 to provide an exemption from sales tax of firearms and hunting supplies if the sale takes place beginning with the Saturday of the last full weekend in

August and ending with the following Sunday. The new section would define "hunting supplies" to include ammunition, archery equipment, hunting blinds and stands, hunting decoys, firearm cleaning supplies, gun cases, gun safes, hunting optics, and hunting safety equipment.

If the bill were to take effect immediately, firearms and hunting supplies would be eligible for exemption during the August 2019 tax holiday. In the event the bill fails to take immediate effect, there is provision for a tax exemption period beginning on Saturday of the first full weekend in September 2019 and ending the following Sunday. Both provisions of this bill would affect tax collections starting in fiscal 2020.

The bill would take effect immediately upon enactment, assuming it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2019.

Methodology

National firearms excise tax revenue for guns and ammunitions from the Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF) was divided by the weighted average excise tax rate to estimate national sales of guns and ammunition for civilian use. The estimated national sales were apportioned to the state based on background checks, increased for the assumed retail markup, and further increased for the sales of other eligible hunting supplies. The result was adjusted for the portion of sales during the exemption period, multiplied by the state sales tax rate, 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, 802 Parks and Wildlife Department
LBB Staff: WP, KK, SD