

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

May 6, 2019

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

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

IN RE: SB843 by Fallon (Relating to a sales tax exemption for items sold, leased, or rented at a United States military installation to a member of the United States armed forces on active duty.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB843, As Introduced: a negative impact of (\$15,660,000) 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	(\$7,630,000)
2021	(\$8,030,000)
2022	(\$8,430,000)
2023	(\$8,830,000)
2024	(\$9,230,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from General Revenue Fund 1	Probable Revenue Gain/(Loss) from Cities	Probable Revenue Gain/(Loss) from Counties & Special Districts	Probable Revenue Gain/(Loss) from Transit Authorities
2020	(\$7,630,000)	(\$1,410,000)	(\$290,000)	(\$490,000)
2021	(\$8,030,000)	(\$1,490,000)	(\$300,000)	(\$510,000)
2022	(\$8,430,000)	(\$1,560,000)	(\$320,000)	(\$540,000)
2023	(\$8,830,000)	(\$1,640,000)	(\$330,000)	(\$560,000)
2024	(\$9,230,000)	(\$1,710,000)	(\$350,000)	(\$590,000)

Fiscal Analysis

The bill would amend Chapter 151 of the Tax Code, regarding the limited sales and use tax, to provide for a sales tax exemption for items sold at United States military installations to active duty military personnel.

The bill would add Section 151.345 to provide for exemption from sales and use tax of items sold, leased, or rented within the boundaries of a United States military installation when purchased by a member of the United States armed forces on active duty and sold by a seller physically located at the installation.

This bill would take effect September 1, 2019.

Methodology

The following data were used to estimate sales to active duty military personnel in military bases: number of active duty military personnel in military installations located in the state from the Texas Military Preparedness Commission; and Comptroller data on estimated taxable sales, leases, or rentals in cities where the military installations are located. Estimated sales, leases, or rentals were adjusted for the share of sales made in businesses located on military installations based on population, multiplied by the sales tax rate, and extrapolated through fiscal 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