

BILL ANALYSIS

S.B. 1000
By: West
Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Texas' state sales and use tax was enacted by the 57th Texas Legislature in 1961. The rate of taxation initially set by the enacting legislation was two percent of the retail sales price of all tangible personal property not specifically excepted. According to the comptroller of public accounts, the state sales and use tax rate has increased multiple times since 1961, with the most recent increase in 1990 to 6.25 percent, but the rate has never decreased.

The comptroller's biennial revenue estimate for 2024-2025 indicates that the state is expected to have a record-breaking amount of revenue available for general purpose spending, with the state's largest source of tax revenue generated from the sales and use tax. According to the Texas Taxpayers and Research Association, Texans' sales tax rates are among the highest in the United States, with the combined state and local tax rate the 14th highest nationally. Providing sales tax relief would benefit individual Texans, families, and Texas businesses alike and would provide relief from a tax that affects every Texan, not just those who own property. Layering sales tax relief alongside property tax relief will enable every Texan to be touched by tax relief. S.B. 1000 seeks to address this issue by providing for a temporary sales tax holiday for certain clothing and footwear.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

S.B. 1000 amends the Tax Code to provide for a one-time sales tax holiday for articles of clothing or footwear designed to be worn on or about the human body priced under \$200 and sold during the period beginning at 12:01 a.m. Friday, October 13, 2023, and ending at 11:59 p.m. Sunday, October 15, 2023. The exceptions that apply to the existing annual sales tax holiday for clothing and footwear also apply to this one-time sales tax holiday. The bill's provisions expire October 31, 2023. The bill expressly does not affect tax liability accruing before the bill's effective date. That liability continues in effect as if the bill had not been enacted, and the former law is continued in effect for the collection of taxes due and for civil and criminal enforcement of the liability for those taxes.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2023.