

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

April 25, 2025

TO: Honorable Morgan Meyer, Chair, House Committee on Ways & Means

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB1415 by Hughes (relating to the sales tax exemption period for clothing, footwear, and certain school-related items.), **Committee Report 2nd House, Substituted**

No fiscal implication to the State is anticipated.

The bill would change the period during which the “sales tax holiday” (holiday) for articles of clothing or footwear under \$100 takes place. The change proposed by the bill would also affect the sales tax holiday for school supplies and backpacks in Section 151.327 of the code.

The bill would prescribe the holiday take place beginning at 12:01 a.m. on the first Friday in August and end at 12 midnight the following Sunday. Under current law the holiday begins before the 15th day preceding the first day of school as prescribed by statute.

The bill changes the beginning date of the annual sales tax holiday on certain items of clothing and school supplies; but does not change the days of the week the holiday takes place or its duration, or alter the items eligible for exemption. In 2026 and 2027, the bill would not change the timing of the holiday because the first Friday of August coincides with the start of the tax holiday under current law. In 2028, 2029, and 2030 the holiday would occur one week earlier than under current law.

As school start dates vary significantly across the state, with some districts starting school in the first week of August, the one week earlier period for the holiday would increase the probability that parents of students in districts with comparatively early school start dates could purchase clothing and school supplies during a tax holiday prior to the beginning of school. While the result may be a higher volume of tax-exempt purchases in the years affected by the bill, the revenue impact is not anticipated to be significant.

The bill would take effect September 1, 2025.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

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