

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 20, 2015

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB228 by Creighton (Relating to an exemption from the sales tax for firearms and hunting supplies for a limited period.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB228, As Introduced: a negative impact of (\$6,600,000) through the biennium ending August 31, 2017, if the bill takes immediate effect; or a negative impact of (\$3,619,500) through the biennium ending August 31, 2017, if the effective date of the bill is September 1, 2015.

All Funds, Six-Year Impact:

| Fiscal Year | Probable Revenue (Loss) from <i>General Revenue Fund</i> 1 | 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> |
|-------------|---|--|---|--|
| 2015 | (\$450,000) | (\$83,000) | (\$28,000) | (\$15,000) |
| 2016 | (\$3,000,000) | (\$553,000) | (\$189,000) | (\$102,000) |
| 2017 | (\$3,150,000) | (\$581,000) | (\$199,000) | (\$107,000) |
| 2018 | (\$3,310,000) | (\$610,000) | (\$209,000) | (\$112,000) |
| 2019 | (\$3,480,000) | (\$642,000) | (\$220,000) | (\$118,000) |
| 2020 | (\$3,650,000) | (\$673,000) | (\$231,000) | (\$124,000) |

The table above assumes the bill takes immediate effect. The table below assumes the bill takes effect on September 1, 2015.

| Fiscal Year | Probable Revenue (Loss) from <i>General Revenue Fund</i> 1 | 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> |
|-------------|---|--|---|--|
| 2016 | (\$469,500) | (\$87,000) | (\$30,000) | (\$16,000) |
| 2017 | (\$3,150,000) | (\$581,000) | (\$199,000) | (\$107,000) |
| 2018 | (\$3,310,000) | (\$610,000) | (\$209,000) | (\$112,000) |
| 2019 | (\$3,480,000) | (\$642,000) | (\$220,000) | (\$118,000) |
| 2020 | (\$3,650,000) | (\$673,000) | (\$231,000) | (\$124,000) |

Fiscal Analysis

The bill would amend Chapter 151 of the Tax Code, regarding sales and use taxes.

The bill would add new Section 151.358 to provide for an exemption from sales tax of a firearm or hunting supplies if the sale takes place beginning with the Friday before 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, and hunting optics.

This 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, 2015.

Methodology

National and regional data on annual firearm and hunting supplies sales from an annual report issued by the National Sporting Goods Association were apportioned to the state based on population, adjusted for the portion that would likely occur during the exemption period, multiplied by the state sales tax rate, and extrapolated through 2020. The fiscal implications for units of local government were estimated proportionally.

Local Government Impact

There would be a proportional loss of sales and use tax revenue from local taxing jurisdictions.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK