

**SUBJECT:** Exempting food products sold at school events from the sales tax

**COMMITTEE:** Ways and Means — committee substitute recommended

**VOTE:** 7 ayes — Keffer, Ritter, Bonnen, Y. Davis, Flores, Paxton, Pitts  
0 nays  
2 absent — Otto, Peña

**WITNESSES:** None

**BACKGROUND:** Under Tax Code, secs. 151.051 and 151.101, the state imposes a 6.25 percent sales and use tax on the price of taxable items sold in Texas or bought elsewhere for consumption in Texas. Aggregate local rates are capped at 2 percent, meaning that combined state and local rates may not exceed 8.25 percent in any locality.

**DIGEST:** CSHB 1084 would exempt food products, meals, soft drinks, and candy from sales and use taxes if the items were sold during a school district-sanctioned event by a school employee or volunteer, if the proceeds from the sale benefited the district.

The bill would take effect September 1, 2007, and would apply to tax liability accruing on or after that date.