

## **BILL ANALYSIS**

Senate Research Center

H.B. 209  
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Finance  
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Engrossed

### **DIGEST**

Currently, a sales tax is imposed on school supplies. H.B. 209 would exempt school supplies from the tax, if the school supplies are required by a student in a public or private elementary or secondary school; appear on a list issued by the teacher before the school year begins; cost less than \$25; and are purchased during the month of August.

### **PURPOSE**

As proposed, H.B. 209 exempts school supplies from a sales tax under certain conditions.

### **RULEMAKING AUTHORITY**

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Chapter 151H, Tax Code, by adding Section 151.326, as follows:

Sec. 151.326. SCHOOL SUPPLIES, TEXTBOOKS, BOOKS, AND OTHER INSTRUCTIONAL MATERIALS BEFORE START OF SCHOOL. Provides that the sale or storage, use, or other compensation of a school supply is exempted from the taxes imposed by this chapter if the school supply is purchased for use by a student in class in a public or private elementary or secondary school, including textbooks, books, and other instructional materials; during August; and for a sales price of less than \$75 per item. Defines "school supply." Provides that a retailer is not required to obtain an exemption certificate stating that the school supplies are purchased for use by a student in a class in a public or private elementary or secondary school unless the supplies are purchased in a quantity that indicates that the supplies are not purchased for use by a student in a class in a public or private elementary or secondary school.

SECTION 2. (a) Authorizes the governing body of a local taxing authority that imposes a local sales and use tax to repeal an exemption to that tax authorized by this Act if the governing body finds by an appropriate order that the exemption would materially impair the obligation of any contract existing at the time this Act goes into effect and to which the local taxing authority is a party, notwithstanding any other provision of this Act.

(b) Requires the secretary of the local taxing authority adopting an order under this section to send to the comptroller by certified or registered mail a copy of the order.

(c) Effective date for the repeal of the exemption: first day of the month following expiration of the calendar quarter occurring after the date on which the comptroller receives a copy of the order.

SECTION 3. Effective date: first day of the first calendar quarter beginning on or after the date that it may take effect under Section 39, Article III, Texas Constitution. Makes application of this Act prospective.

SECTION 4. Emergency clause.