

BILL ANALYSIS

Senate Research Center
77R27 DAK-D

S.B. 86
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Finance
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DIGEST AND PURPOSE

Currently, Texas' sales tax, when combined with local tax, is among the highest in the nation. In 1999, the legislature approved measures that created a three-day sales tax holiday on clothing and footwear. As proposed, S.B. 86 increases that holiday to two weeks and expands the list of exemptions to include backpacks and school supplies.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 151.326(a), Tax Code, to provide that the sale of an article of clothing or footwear designed to be worn on or about the human body is exempted from the taxes imposed by this chapter if the sale takes place during a period beginning at 12:01 a.m. on the first Saturday in August and ending at 11:59 p.m. on the second Friday after the first Saturday in August, rather than beginning at 12:01 on the first Friday in August and ending at 12 midnight on the following Sunday.

SECTION 2. Amends Chapter 151H, Tax Code, by adding Section 151.327, as follows:

Sec. 151.327. SCHOOL SUPPLIES, TEXTBOOKS, BOOKS, AND OTHER INSTRUCTIONAL MATERIALS BEFORE START OF SCHOOL. Provides that the sale or storage, use, or other consumption of a school supply is exempted from the taxes imposed by this chapter if the school supply is purchased in August for use by a student in a class in a public or private elementary or secondary school, including textbooks, books, and other instructional materials that meet specific criteria. 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. Authorizes the governing body of a local taxing authority to repeal the exemption under this section in the manner provided by Chapter 326.

SECTION 3. (a) Provides that this Act Takes effect on the first day of the first calendar quarter beginning on or after the date that it may take effect under Section 39 (Time of Taking Effect of Laws; Emergencies; Entry on Journal), Article III, Texas Constitution.

(b) Makes application of this Act prospective.