

## BILL ANALYSIS

Senate Research Center  
81R789 CBH-D

S.B. 144  
By: Ellis  
Finance  
2/27/2009  
As Filed

### AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The expenses families with school aged children face at the start of the school year include school supplies as well as clothes. Expanding the base of the sales tax holiday to include school supplies would lessen the economic burden faced by these families.

Currently, the sale of an article of clothing or footwear is exempt from the taxes imposed by Chapter 151 (Limited Sales, Excise, and Use Tax), Tax Code, if the sales price of the article is less than \$100 and the sale takes place between 12:01 a.m. on the first Friday in August and midnight on the following Sunday. The sales tax exemption does not apply to any special clothing or footwear that is primarily designed for athletic activity or protective use and that is not normally worn except when used for the athletic activity or protective use for which it is designed; accessories, including jewelry, handbags, luggage, umbrellas, wallets, watches, and similar items carried on or about the human body, without regard to whether worn on the body in a manner characteristic of clothing; and the rental of clothing or footwear.

As proposed, S.B. 144 expands the base of the current sales tax exemption period in August to include school supplies and instructional materials that are priced at less than \$100 per item. S.B. 144 exempts the sale, use, or other consumption of certain school supplies, including textbooks, books, and other instructional materials from taxes if the school supply is purchased for a public or private elementary school student during the current three day sales tax exemption in August. Retailers are not required to obtain exemption certificates stating that school supplies are purchased for public or private elementary school students unless the supplies are purchased in a quantity that indicates that supplies are not being purchased for use by students.

### 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 Subchapter H, Chapter 151, Tax Code, by adding Section 151.3275, as follows:

Sec. 151.3275. SCHOOL SUPPLIES, TEXTBOOKS, BOOKS, AND OTHER INSTRUCTIONAL MATERIALS BEFORE START OF SCHOOL. (a) Exempts the sale, storage, use, or other consumption of a school supply, including textbooks, books, and other instructional materials, from taxes imposed by this chapter if the school supply is purchased for use by a student in a public or private elementary or secondary school class; during the period described by Section 151.326(a)(2) (relating to a specific tax exempt weekend in August); and for a sales price of less than \$100 per item.

(b) Defines "school supply."

(c) Provides that a retailer is not required to obtain an exemption certificate stating that school supplies are purchased for use by a student in a public or private elementary or secondary school class unless the supplies are purchased in a quantity indicating that the supplies are not purchased for such use.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: July 1, 2009, or October 1, 2009.