

## **BILL ANALYSIS**

Senate Research Center  
77R13468 DAK-D

C.S.S.B. 86  
By: Ellis, Rodney  
Finance  
4/22/2001  
Committee Report (Substituted)

### **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. C.S.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 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. (a) 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 for use by a student in a class in a public or private elementary or secondary school, during the period applicable to the exemption for clothing and footwear under Section 151.326 and for a sales price of less than \$75 per item.

(b) Defines "school supply."

(c) 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. Repealer: Section 151.326(c) (Clothing and Footwear for Limited Period), Tax Code.

SECTION 3. Provides that Section 151.327, Tax Code as amended by this Act, expires August 31, 2003.

SECTION 4. (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.

(c) Provides that the repeal of Section 151.326(c), Tax Code, by this Act does not affect the repeal of the exemption under Section 151.326(c), Tax Code, by the governing body of a local

taxing authority before the effective date of this Act. Provides that such repeal by a local authority is governed by the law in effect on the date of the repeal, and that law is continued in effect for that purpose.

**SUMMARY OF COMMITTEE CHANGES**

SECTION 1. Amends As Filed S.B. 86 by adding language to proposed Section 151.327, Tax Code.

SECTION 2. Amends As Filed S.B. 86 by repealing Section 151.326(c), Tax Code.

SECTION 3. Amends As Filed S.B. 86 by adding a new SECTION 3.

SECTION 4. Amends As Files S.B. 86 by redesignating the original SECTION 3 as SECTION 4 and adding Subsection (c).