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FISCAL IMPACT REPORT

ORIGINAL DATE
LAST UPDATED 8/16/08 **HB** _____

SPONSOR Jennings _____

SHORT TITLE Sales Tax Holiday **SB** 18 _____

ANALYST Gutierrez _____

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY09	FY10	FY11		
(\$2,541.0)	0	0	Non-recurring	General Fund
(\$2,090.0)	0	0	Non-recurring	Local Government

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files
 Taxation and Revenue Department (TRD)

Responses Received From
 Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

A one-time 2008 sales tax holiday would run 10 days, from the Friday after Thanksgiving (November 28, 2008) through the Sunday of the following weekend (December 7, 2008). Non-taxable items include:

- Clothing and footwear items costing less than \$125 each;
- School supplies such as pens and paper that are typically used by students in a classroom setting and that cost \$25 or less per item;
- Computers costing \$1,000 or less;
- Handheld calculators costing \$150 or less;
- Energy Star certified items:
 - Refrigerators and freezers costing \$2,000 or less;
 - Clothes washers costing \$1,000 or less;

- Dehumidifiers, dishwashers, room air conditioners, room air cleaners, ceiling fans, programmable thermostats, compact florescent lamps, battery charging systems, water coolers, and decorative string lights costing \$500 or less.

FISCAL IMPLICATIONS

The total estimated cost in FY2009 is \$4.6 million.

SIGNIFICANT ISSUES

Several other states have decided to implement an Energy Star sales tax holiday. Georgia and Virginia are the two states that enacted this tax holiday in 2006. Although it is difficult to determine the impact of this holiday, we can assume that these two states continued use of this tax holiday as well as other states deciding to implement similar tax holidays implies it is a successful tax break.

Energy Star Sales Tax Holiday State Matrix

	Days	Maximum per Item Cost	1st Year	2008 Dates	Recurring
New Mexico (proposed)	10	\$2,000, \$1,000, & \$500 (1)	2008	Nov. 28- Dec. 7	No
Georgia	4	\$1,500	2006	Oct. 2-5	No
Texas	3	\$2,000 (2)	2008	May 24-26	Yes
Vermont	7	\$2,000	2008	July 12-18	No
Virginia	4	\$2,500	2006	Oct. 10-13	Until 2012
West Virginia	7	\$2,500	2008	Sep. 1-7	Until 2011

(1) New Mexico would have a limit of \$2,000 on refrigerators and freezers, \$1,000 on clothes washers, and \$500 on all other items

(2) Texas has a \$6,000 dollar limit on Air Conditioners, \$2000 on Refrigerators, and no limit on other products

Source: Taxation and Revenue Department

ADMINISTRATIVE IMPLICATIONS

This bill will have minimal impact on the Taxation and Revenue Department: instruction and publication changes, taxpayer outreach, staff training and development of audit and compliance procedures.

BLG/mt