

**Bill Analysis and Fiscal Impact Report  
Taxation and Revenue Department**

**January 29, 2026**

**Bill:**  
SB-118

**Sponsor:**  
Senator Harold Pope

**Short Title:**  
Back-To-School Tax Holiday Price Limits

**Description:**  
This bill increases by 50% the per item limits allowed for the gross receipts tax (GRT) back-to-school deduction allowed in the last weekend in July. The amount allowed for an article of clothing or footwear is increased to \$150, a desktop, laptop or notebook computer to \$1,500, and any associated monitor, speaker or set of speakers, printer, keyboard, microphone or mouse \$750.

**Effective Date, Applicability, and Contingency Language:**  
July 1, 2026

**Taxation and Revenue Department Analyst:**  
Pedro Clavijo

**Estimated Revenue Impact\***

<b>FY26</b>	<b>FY27</b>	<b>FY28</b>	<b>FY29</b>	<b>FY30</b>	<b>Recurring or Non-Recurring</b>	<b>Fund(s) Affected</b>
--	(\$140)	(\$140)	(\$150)	(\$150)	R	General Fund
--	(\$90)	(\$100)	(\$100)	(\$100)	R	Local Governments

\* In thousands of dollars. Parentheses ( ) indicate a revenue loss. \*\* Recurring (R) or Non-Recurring (NR).

**Methodology for Estimated Revenue Impact:**

This bill increases the sales price limits by 50% for all eligible items to adjust them for inflation since the back-to-school GRT holiday was enacted in 2005. Tax & Rev used separately reported deductions by taxpayers in fiscal year 2025 to estimate the revenue loss of increasing the price caps. The fiscal impact used the GRT revenue growth from December 2025 Consensus Revenue Estimating Group (CREG) forecast and is based on the effective GRT rate. Tax & Rev assumed a 60/40 split between the General Fund and local governments.

**Policy Issues:**

This deduction primarily helps alleviate the tax burden for families with school-aged children in purchasing school supplies. However, the deduction is available for any taxpayer.

**Technical Issues:**

None.

**Other Issues:**

None.

**Administrative & Compliance Impact:**

Tax and Rev will update forms, reports, instructions and publications and make information system changes.