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TEXAS STATE REPRESENTATIVE

SPORTING GOODS SALES TAX

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KEY FACTS

- ◆ HB 158 took effect on September 1, 2015.
- ◆ HB 158 is anticipated to have a negative fiscal impact of \$144.5 million on the state due to loss of general revenue.

HB 158 dedicates all sporting goods sales tax revenues to the Texas Parks and Wildlife Department and the Texas Historical Commission to support state parks and historic sites.

ISSUE BACKGROUND

Prior to 1994, funding for state parks relied primarily on the sales of tobacco products, only receiving one cent per pack tax of cigarettes. Recognizing that this method was not sustainable, the 73rd Legislature replaced the cigarette tax with taxes collected from the sale of sporting and recreational goods, capping the amount at \$64 million per biennium. In 2008, the 80th Legislature passed House Bill 12, which dedicated 94% of sporting goods

sales tax (SGST) to the Texas Parks and Wildlife Department (TPWD) and 6% to the Texas Historical Commission (THC), but the amount of SGST was still subject to appropriations by the Legislature. This has resulted in underfunded budgets for the TPWD, where the department has seen cuts from 432.2 million in 2011, to 371.3 million in 2015. The 2015 budget only received \$53.6 million appropriated from the SGST, or approximately 40 percent of its total tax revenue. Of the \$2 billion collected since 1993, it is estimated that only 36% has gone to state and local Parks.

DIGEST

House Bill 158 amends current law that all sporting goods sales tax must be credited to the Texas Parks and Wildlife Department (94%) and the Texas Historical Commission (6%) as well as repeals the legislature's appropriation authority over these funds. The legislature can no longer dedicate SGST to other funds that are unrelated to parks. The bill requires that SGST be used to acquire, operate, maintain, and make capital improvements to parks and to fund employee benefits whose salaries are paid from these accounts. The legislature also appropriated approximately \$15.8 million over the biennium to fund local park grants to support the outdoor/indoor recreational needs of local governments. The Comptroller estimates that the total collection from SGST could be over \$100 million per year in 2016 and 2017.

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