



## LEGISLATIVE BUDGET BOARD

# **Sales Tax Holiday: Other States and Incidence**

**PRESENTED TO SENATE FINANCE COMMITTEE**

**LEGISLATIVE BUDGET BOARD STAFF**

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# Sales Tax Holidays: Other States

Nineteen states including Texas have one or more sales tax holiday provisions

- Provisions may cover a variety of goods, ranging from hurricane supplies in Alabama, Louisiana and Virginia to computer software in Missouri
- The most common provisions are for clothing and school supplies, followed by computer equipment and EnergyStar appliances
- Exemptions also have a broad monetary range, from \$100 for clothing and school supplies to \$6,000 for EnergyStar; there are also provisions with no cap at all.

# Sales Tax Holidays: Other States

Features of State Sales Tax Holidays, 2015

State	Dates	Clothing	School Supplies	Computers	Energy Star	Miscellaneous
Alabama	February 20-22					Generators \$1,000; Hurricane supplies \$60
Alabama	August 7-9	\$100	\$50	\$750		Books - \$30
Arkansas	August 1-2	\$100	No Cap			Clothing accessories \$50
Connecticut	August 16-22	\$100				
Florida	August 1-3	\$100	\$15	\$750		
Georgia	July 31-August 1	\$100	\$20	\$1,000		
Georgia	October 2-4				\$1,500	
Iowa	August 7-8	\$100				
Louisiana	May 30-31					Hurricane supplies \$1,500
Louisiana	August 7-8					All purchases of tangible personal property up to \$2,500
Louisiana	September 4-6					Firearms, ammunition, and hunting supplies (no cap)
Maryland	February 14-16				No Cap	
Maryland	August 9-15	\$100				

Source: [Tax Foundation](#)

# Sales Tax Holidays: Other States (cont.)

Features of State Sales Tax Holidays, 2015

State	Dates	Clothing	School Supplies	Computers	Energy Star	Miscellaneous
Massachusetts	August 15-16					All purchases of tangible personal property up to \$2,500
Mississippi	July 31-August 1	\$100				
Mississippi	September 4-6					Firearms, ammunition, and hunting supplies (no cap)
Missouri	April 19-25				\$1,500	
Missouri	August 7-9	\$100	\$50	\$3,500		Computer software: \$350
New Mexico	August 7-9	\$100	\$30	\$1,000		Other Computer Hardware: \$500
New Mexico	November 1-3				No Cap	
Ohio	August 7-9	\$75	\$20			School instructional material up to \$20
Oklahoma	August 7-9	\$100				
South Carolina	August 7-9	No Cap	No Cap	No Cap		Towels and Bedding - No Cap
Tennessee	August 7-9	\$100	\$100	\$1,500		
Texas	May 23-25				\$6k - AC \$2k - fridge	
Texas	August 7-9	\$100	\$100			
Virginia	August 7-9	\$100	\$20		\$2,500	Generators \$1,000; Hurricane supplies \$60

# Sales Tax Holidays: Tax Incidence

- Tax Incidence analysis estimates how the imposition of a tax effects the distribution of income. It is a “Who Pays” analysis
- Comptroller of Public Accounts produces biennial report (Government Code 403.014) on the incidence of various Texas taxes and certain exemptions, exclusions, discounts, etc. to those taxes
- LBB produces similar analysis for proposed legislation effecting Texas taxes
- “Initial” Incidence tables show the how much tax different business industries and individual consumers pay
  - For exemptions, exclusions, etc. the interpretation is the opposite → How much taxes reduced
- “Final” Incidence tables show the following after all taxes have been passed on from businesses to consumers through changes to prices, wages, return on capital, etc.
  - Amount of tax paid or reduced in Texas by Household Income quintile
  - Amount of tax paid or reduced by out of state residents (Exported)
  - Effective tax rates by Household Income quintile

# Sales Tax Holidays: Sales Tax Incidence

## Final Incidence of Sales & Use Tax -- By Household Income Quintile -- FY 2017

Quintile	Household Income	Amount (millions)	Percent of Total Tax Paid	Tax as a Percent of Total Income
1	Less than \$34,161	\$2,171.9	6.9%	7.5%
2	\$34,161 - 61,955	\$3,136.1	9.9%	4.1%
3	\$61,955 - 94,319	\$4,374.3	13.8%	3.6%
4	\$94,319 - 147,411	\$5,944.4	18.8%	3.1%
5	\$147,411 and higher	\$9,370.3	29.6%	1.7%
Residents		\$24,997.0	79.1%	
Exported		\$6,621.6	20.9%	
<b>TOTAL</b>		<b>\$31,619.0</b>	<b>100.0%</b>	

# Sales Tax Holidays: Clothing & Footwear

## Final Incidence of Clothing & Footwear Holiday -- FY 2017

Quintile	Household Income	Amount (millions)	Percent of Total Tax Exemption	Tax as a Percent of Total Income
1	Less than \$34,161	\$6.4	9.1%	0.0220%
2	\$34,161 - 61,955	\$8.4	12.0%	0.0111%
3	\$61,955 - 94,319	\$11.9	17.0%	0.0098%
4	\$94,319 - 147,411	\$16.5	23.6%	0.0085%
5	\$147,411 and higher	\$25.8	37.0%	0.0047%
Residents		\$68.9	98.7%	
Exported		\$0.9	1.3%	
<b>TOTAL</b>		<b>\$69.8</b>	<b>100.0%</b>	

# Sales Tax Holidays: School Supplies & Backpacks

## Final Incidence of School Supplies & School Backpacks Holiday -- FY 2017

Quintile	Household Income	Amount (millions)	Percent of Total Tax Exemption	Tax as a Percent of Total Income
1	Less than \$34,161	\$0.4	6.1%	0.0014%
2	\$34,161 - 61,955	\$0.5	8.0%	0.0007%
3	\$61,955 - 94,319	\$1.1	16.3%	0.0009%
4	\$94,319 - 147,411	\$1.6	24.9%	0.0009%
5	\$147,411 and higher	\$2.9	43.6%	0.0005%
Residents		\$6.52	98.8%	
Exported		\$0.08	1.2%	
<b>TOTAL</b>		<b>\$6.6</b>	<b>100.0%</b>	



# Sales Tax Holidays: Energy Efficient Products

## Final Incidence of Energy Efficient Products Holiday -- FY 2017

Quintile	Household Income	Amount (millions)	Percent of Total Tax Exemption	Tax as a Percent of Total Income
1	Less than \$34,161	\$0.3	10.0%	0.0011%
2	\$34,161 - 61,955	\$0.4	11.9%	0.0005%
3	\$61,955 - 94,319	\$0.5	16.7%	0.0004%
4	\$94,319 - 147,411	\$0.7	23.2%	0.0004%
5	\$147,411 and higher	\$1.2	36.9%	0.0002%
Residents		\$3.16	98.6%	
Exported		\$0.04	1.4%	
<b>TOTAL</b>		<b>\$3.2</b>	<b>100.0%</b>	



## LEGISLATIVE BUDGET BOARD

# Contact the LBB

Legislative Budget Board

[www.lbb.state.tx.us](http://www.lbb.state.tx.us)

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