

# SPORTING GOODS SALES TAX ALLOCATION



## AN ISSUE BRIEF FROM LEGISLATIVE BUDGET BOARD STAFF

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### OBJECTIVE

The Legislature makes appropriations from the collection of sales tax on sporting goods to support state parks, historic sites, local park grants, and capital projects.

### KEY FACTS

- ◆ The SGST is not a separate tax on sporting goods, but rather an estimated amount of state tax revenue collected from the sale of sporting goods.
- ◆ SGST has been statutorily capped, limited to appropriated levels, or both.
- ◆ The Texas Parks and Wildlife Department (TPWD) and the Texas Historical Commission (THC) may receive up to 94 and 6 percent, respectively, of SGST receipts pursuant to the statutory maximum.

### BUDGETARY IMPACT

The allocations for TPWD and THC in the 2014–15 biennium total \$149.1 million from the sales tax on sporting goods.

### STATUTORY REFERENCES

Texas Tax Code, Sec. 151.801 sets the statutory maximum of SGST receipts available to TPWD and THC and makes amounts credited to agency accounts subject to amounts appropriated and estimated in the General Appropriations Act.

Texas Parks and Wildlife Code, Chapters 11 and 24; Texas Government Code, Chapter 442

Under statutory provisions, the Legislature has flexibility in allocating receipts from the sales tax revenue generated by sporting goods to the Texas Parks and Wildlife Department (TPWD) and the Texas Historical Commission (THC). In the 2014–15 biennium, the Eighty-third legislature provided TPWD and THC with a combined \$149.1 million in amounts from the Sporting Goods Sales Tax (SGST) allocation. Collections not allocated to TPWD and THC remain in the General Revenue Fund and are used to fund other state priorities, including public education, higher education, and health and human services.

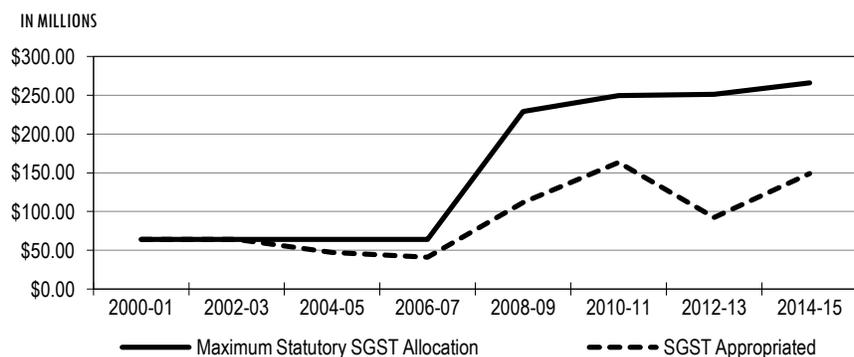
### LEGISLATIVE HISTORY

State and local parks and historic sites are not self-supporting. Prior to fiscal year 1994, state and local parks were each allocated a one penny per pack tax on cigarettes. This method of finance proved to be a declining revenue source that bore no relationship to the mission of providing state park services.

In 1994, the Seventy-third Legislature replaced the cigarette tax with a biennial statutory allocation of SGST receipts to the credit of TPWD accounts for state parks, local park grants, and conservation and capital projects. This allocation was fixed at \$64 million per biennium. Between fiscal years 1994 and 2007, appropriations from these TPWD accounts did not always total amounts credited to the accounts, leading to large unappropriated balances. Current TPWD accounts credited with SGST are the General Revenue–Dedicated State Parks Account, Texas Recreation and Parks Account, Large County and Municipality Recreation and Parks Account, and Conservation and Capital Account.

The Eightieth Legislature passed legislation relating to the SGST allocation that eliminated the fixed \$64 million biennial allocation and established the allocation as the amount appropriated. The legislation also authorized the THC to receive SGST receipts, and provided a maximum statutory allocation to both entities: of the total SGST receipts estimated to be collected, 94 percent may go to TPWD and 6 percent to THC. Fig. 1 shows the maximum statutory SGST allocation compared to actual SGST appropriated over several biennia.

**FIG. 1. MAXIMUM STATUTORY SGST ALLOCATION COMPARED TO SGST APPROPRIATED 2000–01 TO 2014–15 BIENNIA**



SOURCES: Comptroller of Public Accounts, Legislative Budget Board.

For the 2014–15 biennium, the Eighty-third Legislature passed legislation that allowed additional transfers of the SGST to affected TPWD accounts in amounts sufficient to fund employee payroll-related benefits costs.

### SGST REVENUE ESTIMATES

Unlike taxes on specific items, the Comptroller of Public Accounts (CPA) estimates revenue from the sales tax on sporting goods by using a national survey of the sporting goods market. According to CPA estimates, nearly two-thirds of SGST revenue is generated from sales of: bicycles and related supplies; hunting and firearms equipment; exercise equipment; and fishing tackle. Revenues from sales tax fluctuate from biennium to biennium. The CPA estimate of SGST receipts increased 5.8 percent from \$251.3 million to \$265.8 million between the 2012–13 and 2014–15 biennia.

### SGST AMOUNTS APPROPRIATED IN THE 2014–15 BIENNIUM

For the 2014–15 biennium, the Legislature appropriated \$149.1 million in SGST receipts, an increase of \$57.2 million (62%) from the 2012–13 biennial spending levels. As shown in Fig. 2, SGST amounts designated in the GAA for the 2014–15 biennium for TPWD include funding for: state park operations, division support and minor repairs; pass-through funds to the General Land Office for coastal erosion projects; local park grants; debt service on General Obligation (GO) bonds for statewide park repairs; state and local park-related payroll-related benefits costs; and state park capital improvements and repairs.

**FIG. 2.**  
**GENERAL REVENUE-SPORTING GOODS SALES TAX (SGST) APPROPRIATIONS IN THE 2014–15 GENERAL APPROPRIATIONS ACT (GAA),**  
**2014–15 BIENNIAL REVENUE ESTIMATE (BRE)**

IN MILLIONS	MAXIMUM STATUTORY ALLOCATION 2014–15		2014–15 GAA		UNDESIGNATED SGST RECEIPTS
	ALLOCATION SPLIT	% OF TOTAL	APPROPRIATION	% STATUTORY ALLOCATION	
<b>AGENCIES RECEIVING STATUTORY ALLOCATION</b>					
Texas Parks and Wildlife Department	\$249.9	94%	\$139.1	56%	\$110.8
Texas Historical Commission	15.9	6%	10.0	63%	5.9
<b>TOTAL</b>	<b>\$265.8</b>	<b>100%</b>	<b>\$149.1</b>		<b>\$116.7</b>
	<b>MAXIMUM STATUTORY ALLOCATION TO TPWD \$249.9 MILLION (94%)</b>		<b>2014–15 GAA</b>		
<b>STATUTORY DISTRIBUTION TO TPWD GENERAL REVENUE–DEDICATED ACCOUNTS</b>	<b>ALLOCATION SPLIT</b>	<b>% OF TOTAL</b>	<b>APPROPRIATION</b>	<b>% STATUTORY ALLOCATION</b>	<b>UNDESIGNATED SGST RECEIPTS</b>
Amounts allocated:					
State Parks Account	\$184.9	74%	\$121.9	66%	\$63.0
<ul style="list-style-type: none"> <li>state park operations, division support, and minor repair (\$80.4 million); employee benefits costs (\$7.1 million)</li> <li>coastal erosion projects (\$22.5 million); debt service (\$11.2 million); capital improvements and repairs (\$0.7 million)</li> </ul>					
Local Parks Accounts					
Texas Recreation and Parks Account	37.5	15%	10.3	27%	27.2
Large County and Municipality Recreation and parks Account	25.0	10%	6.9	28%	18.1
Conservation and Capital Account	2.5	1%	0.0	0%	2.5
<b>TOTAL</b>	<b>\$249.9</b>	<b>100%</b>	<b>\$139.1</b>		<b>\$110.8</b>

NOTES: Totals may not sum due to rounding. A total of \$7.2 million of TPWD's appropriation is appropriated end-of-article for employee benefits (\$7.1 million in the State Parks Account; \$0.1 million in the two Local Parks Accounts, combined). SOURCES: Legislative Budget Board; Comptroller of Public Accounts.

### USEFUL REFERENCES

For more information on the SGST allocation, see the following documents available on the Legislative Budget Board's website:

- Fiscal Size Up, 2014–15 Biennium (pages 132, 443–445); [http://www.lbb.state.tx.us/Fiscal\\_SizeUp/Fiscal\\_SizeUp.pdf](http://www.lbb.state.tx.us/Fiscal_SizeUp/Fiscal_SizeUp.pdf)
- Sporting Goods Sales Tax Allocation, 2008; [http://www.lbb.state.tx.us/Other\\_Pubs/Sporting%20Good%20Sales%20Tax%20Allocation.pdf](http://www.lbb.state.tx.us/Other_Pubs/Sporting%20Good%20Sales%20Tax%20Allocation.pdf)

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