

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 Sporting Goods Sales Tax (SGST) is not a separate tax, but rather an estimated amount of state tax revenue collected from the sale of sporting goods.
- ◆ The Texas Parks and Wildlife Department (TPWD) and the Texas Historical Commission (THC) may receive up to 94.0 percent and 6.0 percent, respectively, of SGST revenue, but the amount is determined in the General Appropriations Act (GAA).
- ◆ In the 2016–17 biennium, 98.6 percent of estimated SGST was appropriated to THC and TPWD, including 100.0 percent of the amount available to TPWD.

BUDGETARY IMPACT

Appropriations from SGST for TPWD and THC in the 2016–17 biennium total \$274.0 million.

STATUTORY REFERENCES

The Texas Tax Code, Section 151.801, sets the maximum of SGST receipts available to TPWD and THC.

The Texas Government Code, Chapter 442, and the Texas Parks and Wildlife Code, Chapters 11 and 24, make amounts credited to agency accounts subject to the GAA.

Pursuant to statutory provisions, the Legislature has discretion in appropriating receipts from the sales tax revenue generated from sporting goods sales to the Texas Parks and Wildlife Department (TPWD) and the Texas Historical Commission (THC). For the 2016–17 biennium, the Eighty-fourth Legislature, 2015, provided TPWD and THC with a combined \$274.0 million in amounts from the Sporting Goods Sales Tax (SGST) allocation. Collections not allocated to TPWD and THC remain in General Revenue Funds and are used to fund other state priorities. That amount is estimated to be \$3.9 million for the 2016–17 biennium.

Unlike taxes on specific items, the Comptroller of Public Accounts (CPA) estimates revenue from the sales tax on sporting goods by using a national market survey. 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 between biennia. The CPA estimate of SGST receipts increased 4.5 percent from \$265.8 million to \$277.8 million from the 2014–15 to 2016–17 biennia.

LEGISLATIVE HISTORY

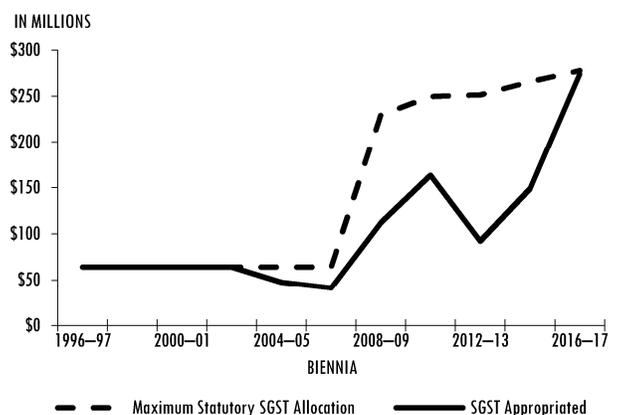
State and local parks and historic sites are not self-supporting. Before fiscal year 1994, state and local parks accounts were each appropriated \$0.50 per 1,000 cigarettes sold. The Seventy-third Legislature, 1993, replaced the cigarette tax with a biennial statutory allocation of SGST receipts to the credit of TPWD accounts for state parks, local park grants, and capital projects beginning in fiscal year 1996. This allocation was fixed at a maximum of \$64.0 million per biennium.

Figure 1 shows the maximum statutory SGST allocation compared to actual SGST allocated across several biennia. TPWD accounts credited with SGST are the following

General Revenue–Dedicated Funds: State Parks Account No. 64, Texas Recreation and Parks Account No. 467, Large County and Municipality Recreation and Parks Account No. 5150, and Conservation and Capital Account No. 5004.

The Eightieth Legislature, 2007, eliminated the fixed \$64.0 million biennial allocation and reestablished the allocation to the amount appropriated to the four accounts, with maximum

FIGURE 1
SPORTING GOODS SALES TAX (SGST) BIENNIAL
APPROPRIATIONS AND MAXIMUM STATUTORY ALLOCATION
COMPARISON, 1996–97 TO 2016–17 BIENNIA



SOURCE: Legislative Budget Board; Comptroller of Public Accounts.

percentages to each account from the estimated total allocation as determined by the CPA's Biennial Revenue Estimate. The Legislature also authorized the THC to receive SGST receipts, and provided a maximum statutory allocation for both entities: Of the total SGST receipts estimated to be collected, 94.0 percent may be allocated to TPWD, and 6.0 percent may be allocated to THC. The Eighty-third Legislature, Regular Session, 2013, authorized additional transfers of the SGST to affected TPWD accounts to fund employee payroll-related benefits costs.

The Eighty-fourth Legislature, 2015, passed House Bill 158 and Senate Bill 1366, which removed the percentage allocation of SGST transfers to the four General Revenue–Dedicated accounts in the TPWD budget and gave the Legislature discretion as to the distribution of SGST to TPWD.

SPORTING GOODS SALES TAX 2016–17 BIENNIAL APPROPRIATIONS

The Eighty-fourth Legislature, 2015, appropriated THC and TPWD \$274.0 million in SGST receipts, an increase of \$124.8 million (83.7 percent) from 2014–15 biennial spending levels. As shown in **Figure 2**, SGST appropriations for TPWD include 100.0 percent of the available allocation. The distribution of the SGST appropriations to TPWD is shown in **Figure 3**. Appropriations to THC are primarily for agency operations, including salaries and administration of State Historic Sites.

FIGURE 2
SPORTING GOODS SALES TAX APPROPRIATIONS, 2016–17 BIENNIUM

(IN MILLIONS)	MAXIMUM STATUTORY ALLOCATION		GENERAL APPROPRIATIONS ACT		
	AGENCY	ALLOCATION	PERCENTAGE OF TOTAL	APPROPRIATION	PERCENTAGE OF STATUTORY ALLOCATION
Texas Parks and Wildlife Department	\$261.1	94.0%	\$261.1	100.0%	\$0.0
Texas Historical Commission	\$16.7	6.0%	\$12.8	76.6%	\$3.9
Total	\$277.8	100.0%	\$274.0	98.6%	\$3.9

NOTE: Totals may not sum due to rounding.

SOURCES: Legislative Budget Board; Comptroller of Public Accounts, Biennial Revenue Estimate for 2016–17.

FIGURE 3
SPORTING GOODS SALES TAX (SGST) APPROPRIATIONS TO THE PARKS AND WILDLIFE DEPARTMENT (TPWD), 2016–17 BIENNIUM

TRANSFERS TO GENERAL REVENUE–DEDICATED ACCOUNTS FOR TPWD (IN MILLIONS)	APPROPRIATION	PERCENTAGE OF TPWD TOTAL
State Parks Account No. 64 <ul style="list-style-type: none"> state park operations and support: \$117.9 million transfers to Deferred Maintenance Account No. 5166: \$47.9 million debt service: \$31.6 million employee benefits costs: \$16.9 million (2) capital improvements and minor repairs: \$4.2 million 	\$218.5	83.7%
Texas Recreation and Parks Account No. 467 (2)	\$19.0	7.3%
Large County and Municipality Recreation and Parks Account No. 5150 (2)	\$14.4	5.5%
Conservation and Capital Account No. 5004 <ul style="list-style-type: none"> transfers to Deferred Maintenance Account No. 5166: \$6.6 million capital improvements within the State Parks Division: \$2.6 million 	\$9.2	3.5%
TOTAL	\$261.1	100.0%

NOTES:

(1) Totals may not sum due to rounding.

(2) A total of \$17.5 million is appropriated to TPWD from SGST for fringe benefits paid from three accounts.

SOURCE: Legislative Budget Board.

USEFUL REFERENCES

Legislative Budget Board, *Fiscal Size Up, 2016–17 Biennium*. www.lbb.state.tx.us

Legislative Budget Board, Sporting Goods Sales Tax Infographic, 2016: www.lbb.state.tx.us

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