

# SPORTING GOODS SALES TAX ALLOCATION



AN ISSUE BRIEF FROM LEGISLATIVE BUDGET BOARD STAFF

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## OBJECTIVE

The Legislature makes appropriations from an estimated portion of state tax revenue collected from the sale of sporting goods to support state parks, historic sites, local park grants, and capital projects. Beginning in fiscal year 2022, all Sporting Goods Sales Tax (SGST) revenue must be appropriated pursuant to the constitution.

## KEY FACTS

- ◆ SGST is not a separate tax; it is the estimated portion of 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 93.0 percent and 7.0 percent, respectively, of SGST revenue. All SGST estimated to be available was appropriated in the General Appropriations Act, 2020–21 Biennium.

## BUDGETARY IMPACT

Appropriations from SGST for TPWD and THC for the 2022–23 biennium total \$404.8 million, including \$74.0 million for employee benefits and debt service payments.

## STATUTORY REFERENCES

The Texas Tax Code,  
Section 151.801

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

Unlike taxes on specific items, the Comptroller of Public Accounts (CPA) estimates the revenue from sales tax on sporting goods by using a national market survey, and establishes a portion of general sales tax revenue as Sporting Goods Sales Tax (SGST) revenue. According to CPA, approximately three-fifths of the estimated SGST revenue is collected from the sale of bicycles and related supplies, hunting and firearm equipment, exercise equipment, and fishing tackle. The CPA's 2022–23 biennial estimate of SGST revenue increased 18.3 percent from the 2020–21 biennium from \$342.1 million to \$404.8 million.

Historically, the Legislature has appropriated SGST to the Texas Parks and Wildlife Department (TPWD) and the Texas Historical Commission (THC) at its discretion to support grants, capital improvements, administration and operations, and employee benefits and debt service. For the 2020–21 biennium, the Eighty-sixth Legislature, 2019, appropriated \$23.9 million to THC and \$251.5 million to TPWD from SGST, excluding benefits and debt service, for a total of \$275.4 million. Amounts appropriated for benefits and debt service totaled \$66.7 million. This amount represents 100.0 percent of estimated SGST.

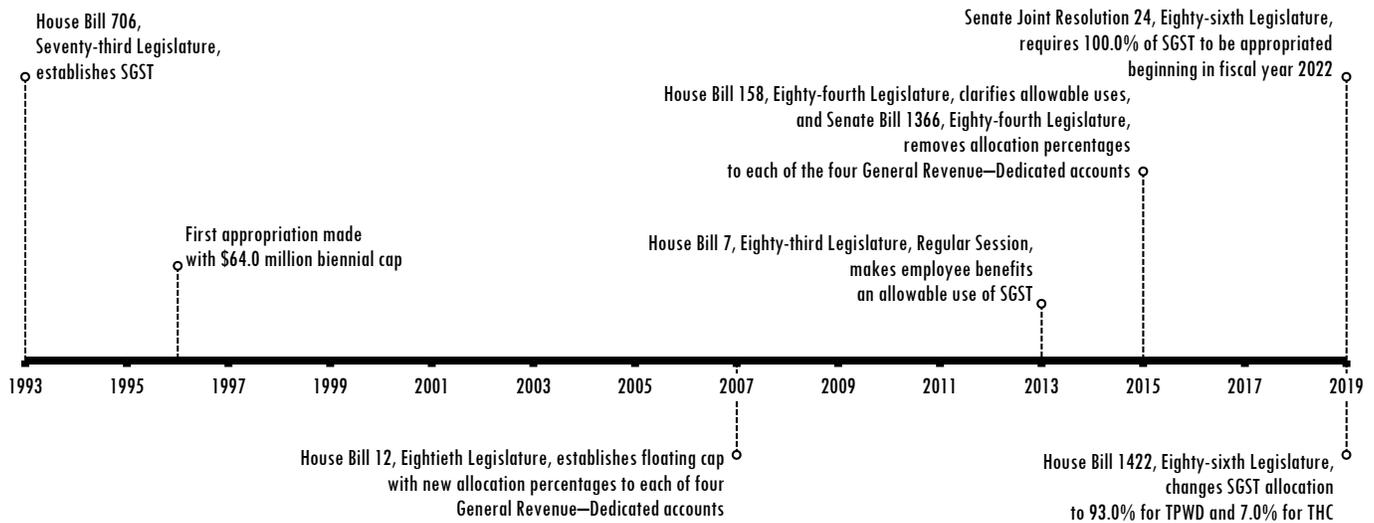
Beginning in the 2022–23 biennium, 100.0 percent of SGST will be appropriated at an allocation of 93.0 percent to TPWD and 7.0 percent to THC due to voter approval of Senate Joint Resolution 24 (November 2019) and enactment of House Bill 1422, Eighty-sixth Legislature, 2019.

## LEGISLATIVE HISTORY

State and local parks and historic sites are not self-supporting. Before fiscal year 1994, state and local parks accounts each were 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 \$64.0 million per biennium.

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 percentages to each account from the estimated total allocation as determined by CPA's Biennial Revenue Estimate. The Legislature also authorized THC to receive SGST receipts for the administration, operation, preservation, repair, and maintenance of historic sites across the state. The maximum statutory allocation for both entities was set at 94.0 percent to TPWD and 6.0 percent to THC. The Eighty-third Legislature, Regular Session, 2013, authorized additional transfers of the SGST to affected TPWD accounts to fund employee payroll-related benefit costs. **Figure 1** shows legislative milestones related to SGST.

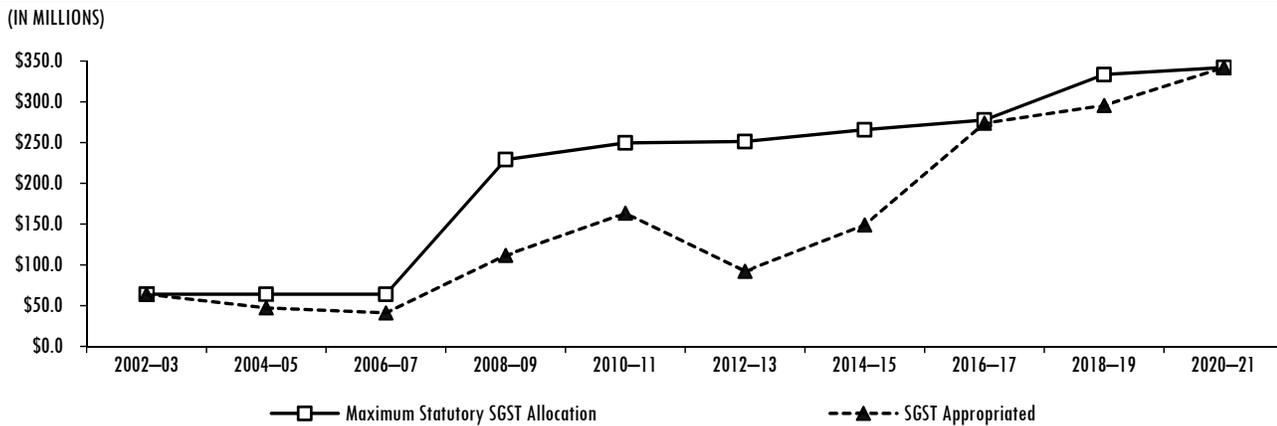
**FIGURE 1**  
**SPORTING GOODS SALES TAX (SGST) LEGISLATIVE MILESTONES, 1993 TO 2019**



SOURCE: Legislative Budget Board.

Figure 2 shows the maximum statutory allocation compared to actual SGST appropriations across several biennia. TPWD accounts credited with SGST are General Revenue–Dedicated accounts: Account No. 64, State Parks; Account No. 467, Texas Recreation and Parks; Account No. 5150, Large County and Municipality Recreation and Parks; and Account No. 5004, Texas Parks and Wildlife Conservation and Capital.

**FIGURE 2**  
**SPORTING GOODS SALES TAX (SGST) BIENNIAL APPROPRIATIONS AND MAXIMUM STATUTORY ALLOCATION COMPARISON 2002–03 TO 2020–21 BIENNIA**



SOURCES: Legislative Budget Board; Comptroller of Public Accounts.

The Eighty-fourth Legislature, 2015, passed House Bill 158 to clarify the allowable uses of SGST and Senate Bill 1366 to remove the percentage allocation of SGST transfers to the four General Revenue–Dedicated accounts in the TPWD budget and gave the Legislature discretion regarding the distribution of SGST to those accounts.

The Eighty-sixth Legislature, 2019, passed the following significant legislation:

- Senate Joint Resolution 24, which amended the Texas Constitution, Article VIII, to appropriate automatically the net revenue received each fiscal year from SGST. The resolution (November 2019), effective September 1, 2021, applies only to SGST collected after that date. Beginning in fiscal year 2022, the amendment precludes SGST from being considered available for certification by the CPA. The amendment authorizes the Legislature, by a two-thirds vote in each chamber, to direct CPA to decrease the amount

that otherwise would be appropriated to TPWD and THC by 50.0 percent. The decrease could occur only for the fiscal year in which the legislative vote is taken or in either of the following two fiscal years;

- Senate Bill 26, with voter approval of Senate Joint Resolution 24, establishes the General Revenue–Dedicated Account No. 5139, Historic Sites Fund, for appropriations to THC and specifies the permitted uses for SGST. The account will consist of allocations of SGST; transfers, interest, revenue from the operation of historic sites; grants; and donations. The legislation also becomes effective September 1, 2021, with the exception of establishing the account, which is effective January 1, 2020; and
- House Bill 1422, which, among other actions, amended the maximum SGST allocations to TPWD and THC from 94.0 percent and 6.0 percent, respectively, to 93.0 percent and 7.0 percent.

### **SPORTING GOODS SALES TAX 2020–21 AND 2022–23 BIENNIAL APPROPRIATIONS**

The Eighty-sixth Legislature, 2019, appropriated \$342.1 million from SGST to THC and TPWD, an increase of \$46.5 million (15.7 percent) from 2018–19 biennial spending levels. SGST 2020–21 biennial appropriations for TPWD and THC include 100.0 percent of the available allocation based on CPA’s 2020–21 Biennial Revenue Estimate. Appropriations provide the maximum statutory allocation for each agency, which includes \$318.2 million for TPWD, or 93.0 percent, and \$23.9 million for THC, or 7.0 percent. Based on amounts in the CPA’s 2022–23 Biennial Revenue Estimate, an additional \$45.1 million from SGST revenue will be available for fiscal year 2021. CPA estimates that \$404.8 million will be generated from SGST revenue for the 2022–23 biennium, which is \$72.5 million greater than what is included in the introduced GABs for the House and Senate.

### **USEFUL REFERENCES**

Legislative Budget Board, *Fiscal Size-Up, 2020–21 Biennium*. [www.lbb.state.tx.gov](http://www.lbb.state.tx.gov)

Legislative Budget Board, Sporting Goods Sales Tax Infographic, 2018: [www.lbb.state.tx.us](http://www.lbb.state.tx.us)

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