

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.

KEY FACTS

- ◆ The Sporting Goods Sales Tax (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 94.0 percent and 6.0 percent, respectively, of SGST revenue. The amount appropriated is determined by the Legislature in the General Appropriations Act (GAA).
- ◆ For the 2018–19 biennium, 88.6 percent of the estimated SGST was appropriated in the GAA.

BUDGETARY IMPACT

Appropriations from SGST for TPWD and THC for the 2018–19 biennium total \$295.6 million.

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.

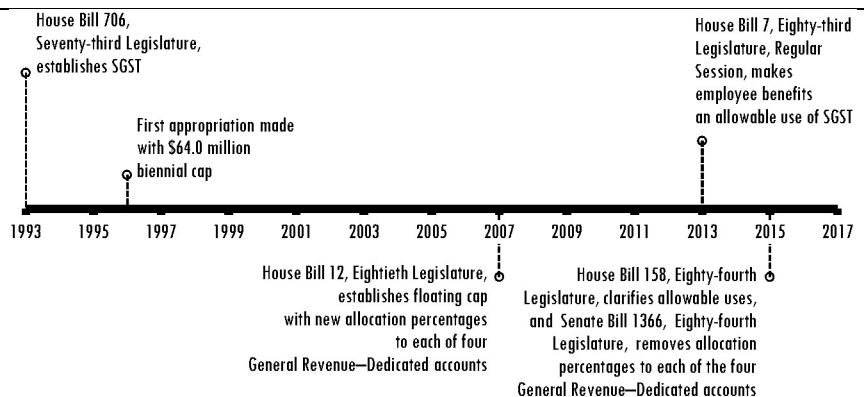
Unlike taxes on specific items, the Comptroller of Public Accounts (CPA) estimates the revenue from sales tax on sporting goods by using a national market survey, and establishes a portion of general sales tax revenue as Sporting Goods Sales Tax (SGST) revenue. According to CPA, nearly two-thirds of 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 2018–19 biennial estimate of SGST revenue increased 20.1 percent from \$277.8 million to \$333.5 million from the 2016–17 biennium.

The Legislature appropriates 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 2018–19 biennium, the Eighty-fifth Legislature, Regular Session, 2017, appropriated \$18.0 million to THC and \$277.6 million to TPWD in SGST, a total of \$295.6 million. SGST revenue that is not appropriated to TPWD and THC remains in General Revenue Funds and may be used to fund other state priorities. For the 2018–19 biennium, this amount totals \$37.9 million.

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. **Figure 1** shows legislative milestones related to SGST.

FIGURE 1
SPORTING GOODS SALES TAX (SGST) LEGISLATIVE MILESTONES, 1993 TO 2015

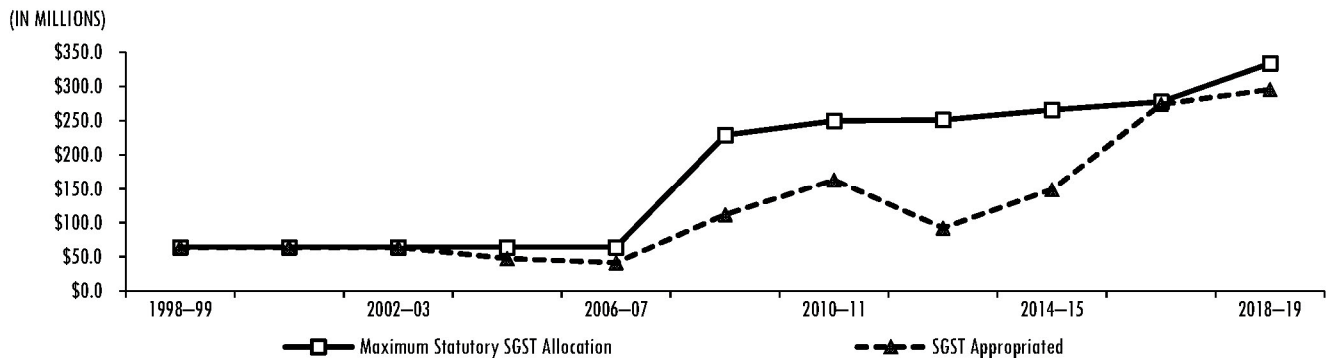


SOURCE: Legislative Budget Board.

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 also 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 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
1998–99 TO 2018–19 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.

SPORTING GOODS SALES TAX 2018-19 BIENNIAL APPROPRIATIONS

The Eighty-fifth Legislature, Regular Session, 2017, appropriated \$295.6 million in SGST to THC and TPWD, a decrease of \$4.9 million (1.6 percent) from 2016–17 biennial spending levels. As shown in **Figure 3**, SGST appropriations for TPWD and THC include 88.6 percent of the available allocation based on CPA’s Biennial Revenue Estimate.

FIGURE 3
SPORTING GOODS SALES TAX (SGST) APPROPRIATIONS, 2018–19 BIENNIUM

(IN MILLIONS)	MAXIMUM STATUTORY ALLOCATION		GENERAL APPROPRIATIONS ACT			
	AGENCY	ALLOCATION	PERCENTAGE OF TOTAL	APPROPRIATIONS	PERCENTAGE OF STATUTORY ALLOCATION	UNDESIGNATED SGST
	Texas Parks and Wildlife Department	\$313.5	94.0%	\$277.6	88.6%	\$35.9
	Texas Historical Commission	\$20.0	6.0%	\$18.0	90.0%	\$2.0
	Total	\$333.5	100.0%	\$295.6	88.6%	\$37.9

NOTE: Totals may not sum due to rounding.

SOURCES: Legislative Budget Board; Comptroller of Public Accounts, Biennial Revenue Estimate for the 2018–19 Biennium.

USEFUL REFERENCES

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

Legislative Budget Board, *Sporting Goods Sales Tax Infographic, 2018*: www.lbb.state.tx.us

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