

## **BILL ANALYSIS**

Senate Research Center  
76R5960 DAK-D

S.B. 818  
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Finance  
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As Filed

### **DIGEST**

Currently, Texas law requires articles of clothing or footwear with a sales price less than \$50 to be subject to a sales tax. Several states recently instituted “sales tax holidays” for a limited period during August or September, which coincides with back-to-school shopping. In each of these states, only articles of clothing or footwear, whose sales price is less than the specified dollar amount, are exempt from the sales tax. S.B. 818 would provide sales tax exemptions for fabric and other components of clothing or footwear costing less than \$50 that is purchased between August 1 and August 7, and would not apply to certain accessories, articles of clothing designed for athletic activity, or an individual who is not in the business of manufacturing clothing or footwear for sale.

### **PURPOSE**

As proposed, S.B. 818 provides a sales tax exemption for clothing or footwear costing less than \$50 that is purchased between August 1 and August 7.

### **RULEMAKING AUTHORITY**

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Chapter 151H, Tax Code, by adding Section 151.325, as follows:

Sec. 151.325.CERTAIN PRICED CLOTHING OR FOOTWEAR; FABRICS. Provides that the sale of an article of clothing or footwear intended to be worn on or about the human body is exempt from taxes imposed by this chapter, if certain conditions exist. Provides that Subsection (a) does not apply to certain items. Provides that the sale of tangible personal property intended to be a component part of an article of clothing or footwear for the human body, including fabric, thread, knitting yarn, buttons, and zippers, is exempt from taxes imposed by this chapter, if certain conditions exist.

SECTION 2. (a) Effective date: the first day of the first calendar quarter beginning on or after the date that it may take effect under Section 39, Article III, Texas Constitution.

(b) Makes application of this Act prospective.

SECTION 3. Emergency clause.