

**BILL SUMMARY**  
2<sup>nd</sup> Session of the 58<sup>th</sup> Legislature

<b>Bill No.:</b>	<b>HB 3349</b>
<b>Version:</b>	<b>FULLPCS1</b>
<b>Request Number:</b>	<b>10699</b>
<b>Author:</b>	<b>Mr. Speaker</b>
<b>Date:</b>	<b>3/3/2022</b>
<b>Impact:</b>	<b>Preliminary Estimate Based on Prior Analysis</b>

**Sales Tax Decrease:**  
**FY-23: (\$ 287,182,749)**  
**FY-24: (\$ 305,562,446)**

**Research Analysis**

The proposed committee substitute for HB3349 provides a temporary exemption from the state sales tax levy for sales of *food and food ingredients* sold for consumption off-premise, effective July 1, 2022 through July 30, 2024.

The exemption is applicable only to the 4.5 percent state sales tax and does not supersede or affect any local sales taxes levied on food and food ingredients by cities, counties and other local taxing jurisdictions.

The measure defines *food and food ingredients* as, substances, whether in liquid, concentrated, solid, frozen, dried or dehydrated form, that are sold for ingestion or chewing by humans and are consumed for their taste or nutritional value. Alcoholic beverages, bottled water, candy, dietary supplements, marijuana and marijuana-infused products, prepared food, soft drinks and tobacco are excluded from the definition.

Prepared By: Quyen Do

**Fiscal Analysis**

Note: Further analysis will be needed to fully incorporate the available data and to adjust to any base changes from the base utilized in this analysis.

The measure establishes a sales tax rate of zero percent (0.0%) for retail sales of food and food ingredients (as defined in the measure) for fiscal years 2023 and 2024.

Prior analysis undertaken by the Tax Commission indicates the estimated reduction in state sales tax revenue will approach \$287,182,749 in FY-23 and \$305,562,446 in FY-24.

Prepared By: Mark Tygret

**Other Considerations**

The zero percent levy will not supersede or otherwise affect any local sales taxes levied on food and food ingredients by cities, counties or any other taxing jurisdiction.

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