

BILL SUMMARY
1st Session of the 60th Legislature

Bill No.:	HB1202
Version:	SUBAMD2
Request Number:	
Author:	Rep. Maynard
Date:	2/24/2025
Impact:	FY-2026: -\$12,600,000.00

Research Analysis

The second subcommittee amendment for HB1202 changes the percentage retained from 1 percent to 0.5 percent.

As amended, HB 1202 allows sellers and vendors to keep 0.5 percent of their sales or use tax collections as compensation for keeping tax records, filing reports and remitting the tax when due. The amount is limited to \$2500 per month per sales tax permit and vendors with a direct payment permit are not allowed to take part.

Prepared By: Quyen Do

Fiscal Analysis

ESTIMATED REVENUE IMPACT:

FY26

State sales/use tax: an estimated decrease of \$12.6 million.

City/county sales/use tax: an estimated decrease of \$11.1 million.

ANALYSIS: For purposes of compensating vendors for record maintenance and the timely filing and remittance of sales and use tax, the measure proposes to allow vendors to retain .5% percent of monthly sales/use taxes due, with a monthly cap of \$2,500.

Based upon Tax Commission records¹, the measure will result in an estimated decrease of \$10.6 million in state sales tax revenues and \$2 million in state use tax revenues for FY26. The measure will also have an impact on local sales & use taxes and result in an estimated decrease of \$9.4 million in city/county sales tax revenues for FY26, along with an estimated decrease of \$1.7 million in city/county use tax revenues for FY26.

ADMIN IMPACT & Concerns: The measure will require system development, which is estimated to take about two months and a one-time administrative cost of \$60,000 in FY26. Due to the time needed for system development, full implementation may occur after the July 1 effective date of this proposal.

Prepared By: Mariah Searock, House Fiscal Staff

Other Considerations

None.

