

Appendix A – Tax Structure Texas

Following is a description of the applicable tax categories that will be calculated for the Goodwill Texas model:

- Sales Tax

The State of Texas levies a sales tax of 6.25% on goods and services such as retail sales, leases, amusement services, cable, construction, telecommunication, waste collection, real property repair, natural gas and electricity. Taxable sales result from the spending of direct, indirect and induced employees supported by the company. Based on data from the latest U.S. Consumer Expenditure Survey, the projected level of taxable spending and resulting sales tax receipts is calculated.

State sales taxes will also be collected from other sources.

- i. **Local supplies and purchases.** A direct sales tax can be determined if the user inputs local supplies and purchases that are taxable and purchased within the state.
- ii. **Direct sales.** Direct taxable sales (if any) can also be input to provide the sales tax collections at the State level on the Fiscal Impact of Operations table.

- Utility Tax

The State of Texas collects a tax on the gross receipts of utilities charged to customers of 1/6 of 1%.

- Luxury Tax

The State of Texas charges taxes on the purchase of alcohol for immediate consumption (14%) and on cigarettes (\$1.41 per pack). Taxes are calculated in the model based on surveys on consumption and data from the Center of Disease Control that 20.0% of Texans are smokers and smoke 198 packs on average per year.

- Motor Fuel Tax

The State collects a motor vehicle fuel tax of \$0.20 per gallon of gasoline. The tax revenue is calculated based on the average vehicle traveling 15,000 miles per year at 20 miles per gallon. These factors are applied to the projected direct and indirect employee count supported by the company.

