

By: West

S.B. No. 214

A BILL TO BE ENTITLED

AN ACT

relating to a temporary exemption from sales and use taxes for certain residential heating, ventilation, and air conditioning systems and installation services.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter H, Chapter 151, Tax Code, is amended by adding Section 151.360 to read as follows:

Sec. 151.360. TEMPORARY EXEMPTION FOR CERTAIN RESIDENTIAL HEATING, VENTILATION, AND AIR CONDITIONING SYSTEMS. (a) Subject to the conditions of this section, the sale and installation of a residential heating, ventilation, and air conditioning system is exempted from the taxes imposed by this chapter if:

(1) except as provided by Subsection (b), the sale takes place on or after March 1, 2026, and before September 1, 2027; and

(2) the system:

(A) is used for the purchaser's primary single-family residence;

(B) has a minimum Seasonal Energy Efficiency Rating (SEER) of 14 SEER;

(C) is designated as an Energy Star qualified product under the Energy Star program jointly operated by the United States Environmental Protection Agency and the United States Department of Energy; and

1           (D) is installed by a person licensed under  
2 Subchapter F or G, Chapter 1302, Occupations Code, to engage in air  
3 conditioning and refrigeration contracting.

4           (b) If the cost of installation is not included in the sales  
5 price of a residential heating, ventilation, and air conditioning  
6 system described by Subsection (a), the sales price of the  
7 installation is exempted from the taxes imposed by this chapter if  
8 the installation occurs not later than the 90th day after the date  
9 of the sale of the system.

10           (c) This section does not apply to the sale and installation  
11 of a residential heating, ventilation, and air conditioning system  
12 that is installed or intended to be installed in a:

13                   (1) rental or commercial property; or

14                   (2) structure or improvement that is constructed less  
15 than one year before the date of the sale.

16           (d) Not later than November 1, 2025, the comptroller shall  
17 prescribe and make available on the comptroller's Internet website  
18 an exemption certificate on which a person can certify and attest  
19 that a sale:

20                   (1) satisfies the conditions of Subsection (a) or (b),  
21 as applicable; and

22                   (2) is a sale to which this section applies.

23           (e) For a sale to be eligible for the exemption provided by  
24 this section, the purchaser must provide to the seller at the time  
25 of the sale a completed and signed exemption certificate described  
26 by Subsection (d). A sale is not exempt under this section, and the  
27 seller shall collect any tax imposed under this chapter, if the

1 purchaser does not provide an exemption certificate in the manner  
2 described by this subsection.

3 (f) If a purchaser who gives an exemption certificate under  
4 Subsection (e) makes any use of the heating, ventilation, and air  
5 conditioning system or installation services that does not qualify  
6 for the exemption provided by this section, the purchaser is liable  
7 for payment of the sales tax on the original purchase price of the  
8 system or installation.

9 (g) This section expires December 31, 2027.

10 SECTION 2. This Act takes effect immediately if it receives  
11 a vote of two-thirds of all the members elected to each house, as  
12 provided by Section 39, Article III, Texas Constitution. If this  
13 Act does not receive the vote necessary for immediate effect, this  
14 Act takes effect September 1, 2025.