

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 15, 2003

TO: Honorable Ron Wilson, Chair, House Committee on Ways & Means

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB633 by Campbell (Relating to the application of the sales tax to certain clothes-washing machines.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB633, As Introduced: a negative impact of (\$4,476,000) through the biennium ending August 31, 2005.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	(\$1,743,000)
2005	(\$2,733,000)
2006	(\$3,431,000)
2007	(\$1,745,000)
2008	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from GENERAL REVENUE FUND 1	Probable Revenue Gain/(Loss) from Cities	Probable Revenue Gain/(Loss) from Transit Authorities	Probable Revenue Gain/(Loss) from Counties/Special Districts
2004	(\$1,743,000)	(\$289,000)	(\$104,000)	(\$36,000)
2005	(\$2,733,000)	(\$503,000)	(\$181,000)	(\$63,000)
2006	(\$3,431,000)	(\$631,000)	(\$228,000)	(\$79,000)
2007	(\$1,745,000)	(\$385,000)	(\$139,000)	(\$48,000)
2008	\$0	\$0	\$0	\$0

Fiscal Analysis

The bill would add a new section to Chapter 151 of the Tax Code to create a sales tax exemption for certain clothes-washing machines.

The sale of residential or commercial clothes-washing machines would be exempted from the sales tax if the machines met specific capacity standards, had a water consumption factor of 9.5 or less, and met standards for efficiency adopted by the Comptroller. The Comptroller would adopt efficiency standards in cooperation with the Texas Commission on Environmental Quality (TCEQ).

The new section would expire December 31, 2006.

The bill would take effect October 1, 2003.

Methodology

Data on clothes-washing machines were gathered from sources, both public and private, including the U.S. Census Bureau. Sales were adjusted for the specified water factor, multiplied by the state sales tax rate, and adjusted for assumed increases in water efficiency and the effective and expiration date to determine the potential fiscal impact to the state. The fiscal impact on local jurisdictions were estimated proportionally.

Local Government Impact

Local units of government would have a corresponding fiscal impact from sales tax revenues, as indicated in the above table.

Source Agencies: 304 Comptroller of Public Accounts, 582 Commission on Environmental Quality

LBB Staff: JK, SD, WP, SM