

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 9, 2003

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

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB2414 by McCall (Relating to an exemption from the sales tax for nonvehicular fuel cells.),
As Introduced

No significant fiscal implication to the State is anticipated.

The bill would add Section 151.356 to the Tax Code to exempt the sale, use, or other consumption of nonvehicular fuel cells from the sales tax.

The exemption would expire January 1, 2011.

The bill would take effect September 1, 2003.

The bill would exempt fuel cells from the sales tax. Under current law, power generation equipment is exempted from the sales tax under Section 151.318 of the Tax Code; and the purchase of such equipment does not generate revenue for the state. The cost of fuel cells relative to other forms of power generation would not be expected to lead to widespread adoption of the technology outside the utility industry. Therefore, the sales tax exemption for fuel cells used for power generation would not have a significant fiscal impact on the state.

Note: The bill does not define the term "nonvehicular fuel cells." This analysis assumes the term would not include a battery (e.g., car batteries, flashlight batteries, 9-volt batteries, and so forth.)

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JK, SD, WP, SM