

BILL ANALYSIS

C.S.H.B. 1000
By: Burnam
Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Energy efficiency saves consumers money and reduces our reliance on electric generating units, which also reduces pollution. There are some projections that the state will be in an energy crisis within two years. Energy efficient appliances could help to significantly mitigate that potential crisis.

In order to encourage Texans to purchase energy efficient products as designated by the Energy Star program (operated by the EPA and Department of Energy) C.S.H.B. 1000 would create sales tax exemptions on certain Energy Star appliances for two weekends each year.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

ANALYSIS

C.S.H.B. 1000:

Amends Subchapter H, Chapter 151, Tax Code, by adding Section 151.333, "ENERGY EFFICIENT PRODUCTS."

Defines "energy efficient products."

Exempts from sales tax the following energy efficient products: an air conditioner, a split system ducted residential air conditioning system with a seasonal energy efficiency ratio (SEER) at least two point higher than that required by federal law, a clothes washer, a ceiling fan, a dehumidifier, a dishwasher, a compact fluorescent light bulb, a programmable thermostat, and a refrigerator the sale price does not exceed \$2,000 in 2007, with an increase of \$100.00 until 2016 and does not exceed \$3,000.00 in and after 2017.

Establishes that the product must be purchased for noncommercial home or personal use in order to be tax exempt.

Establishes that the days on which these exemptions will occur are as follows: Memorial Day weekend, and the weekend closest to the fourth of July.

Explains that a retailer need not obtain an exemption certificate unless more than two of one of the products is purchased at the same time. Indicates that until the passage date of this Act, the change in law will not effect taxes imposed and collected.

Becomes effective on July 1, 2007 or, if the Act does not receive the necessary vote, the Act takes effect October 1, 2007.

EFFECTIVE DATE

Effective on July 1, 2007 or, if the Act does not receive the necessary vote, the Act takes effect October 1, 2007.

COMPARISON OF ORIGINAL TO SUBSTITUTE

The committee substitute removes the \$6,000 limit on ductless air conditioners while adding to the list of energy efficient products the split system ducted residential air conditioning system that has a seasonal energy efficiency ratio (SEER) that is at least two points higher than that required by federal law.

The substitute removes the provision that would give an incandescent lightbulb tax exemption and now limits the tax exemption to a compact fluorescent lightbulb.

The substitute provides a \$100.00/year, for 10 years, incremental clause for the purchase of an energy efficient refrigerator.

The substitute changes the tax exemption holiday from three weekends to two weekends by removing the tax exemption on energy efficient products during the period described by Section 151.326(a)(2) for the sale of certain clothing and footwear (the pre-existing sale tax holiday).