

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

February 20, 2007

TO: Honorable Jim Keffer, Chair, House Committee on Ways & Means

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB1000 by Burnam (Relating to exemptions from the sales tax for certain energy efficient products for a limited period.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1000, As Introduced: a negative impact of (\$15,593,000) through the biennium ending August 31, 2009, if the effective date of the bill is July 1, 2007; or a negative impact of (\$13,406,000) through the biennium ending August 31, 2009, if the effective date of the bill is October 1, 2007.

The table below assumes an effective date of July 1, 2007.

All Funds, Six-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE FUND</i> 1	Probable Revenue Gain/(Loss) from <i>Cities</i>	Probable Revenue Gain/(Loss) from <i>Transit Authorities</i>	Probable Revenue Gain/(Loss) from <i>Counties</i>
2007	(\$1,782,000)	\$0	\$0	\$0
2008	(\$6,772,000)	(\$1,300,000)	(\$446,000)	(\$168,000)
2009	(\$7,039,000)	(\$1,352,000)	(\$464,000)	(\$174,000)
2010	(\$7,322,000)	(\$1,406,000)	(\$482,000)	(\$181,000)
2011	(\$7,585,000)	(\$1,456,000)	(\$500,000)	(\$188,000)
2012	(\$7,858,000)	(\$1,509,000)	(\$518,000)	(\$195,000)

The table below assumes an effective date of October 1, 2007.

Fiscal Year	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE FUND</i> 1	Probable Revenue Gain/(Loss) from <i>Cities</i>	Probable Revenue Gain/(Loss) from <i>Transit Authorities</i>	Probable Revenue Gain/(Loss) from <i>Counties</i>
2008	(\$6,367,000)	(\$867,000)	(\$297,000)	(\$112,000)
2009	(\$7,039,000)	(\$1,352,000)	(\$464,000)	(\$174,000)
2010	(\$7,322,000)	(\$1,406,000)	(\$482,000)	(\$181,000)
2011	(\$7,585,000)	(\$1,456,000)	(\$500,000)	(\$188,000)
2012	(\$7,858,000)	(\$1,509,000)	(\$518,000)	(\$195,000)

Fiscal Analysis

The bill would amend Chapter 151 of the Tax Code to create a sales tax exemption for certain energy-efficient products sold during the current sales tax holiday for clothing and footwear, a period

beginning on the last Saturday preceding the last Monday in May, or during a period around July 4.

The bill would require that the exempted energy-efficient products must be designated as Energy Star qualified products by the U.S. Department of Energy and purchased for noncommercial home or personal use; and would include clothes washers, ceiling fans, dehumidifiers, dishwashers, incandescent or fluorescent lightbulbs, programmable thermostats, and refrigerators with a sales price not exceeding \$2,000, as well as air conditioners with a sales price not exceeding \$6,000.

The bill would take effect July 1, 2007 if it receives two-thirds majority votes in each house; otherwise, it would take effect October 1, 2007.

Methodology

The estimate provided by the Comptroller of Public Accounts is based on gathered data from the U.S. Department of Energy on the sale of the specified energy efficient products. For the purpose of this analysis, the Comptroller adjusted sales data to reflect sales made in Texas for personal use and for the appropriate price range and time period, and multiplied the data by the state sales tax rate. The estimates were adjusted for the potential effective dates of July 1, 2007 and October 1, 2007, and extrapolated through fiscal 2012. The Comptroller proportionally estimated the fiscal impacts on units of local government.

Local Government Impact

The fiscal impact to local government is illustrated in the above tables.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, CT, SD, EB