

BILL ANALYSIS

C.S.H.B. 2338
By: Villarreal
Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Currently there is no state sales tax in Texas on the labor costs of new construction. Sales tax does apply, however, to labor costs for the repair and remodeling of existing commercial buildings. This bill reduces this inequity and promotes repair and remodeling designed to improve a commercial building's energy efficiency.

C.S.H.B. 2338 authorizes a building owner to apply to the comptroller of public accounts to receive a refund for the sales tax paid on the labor cost of repair and remodeling projects that result in a commercial building attaining either the "Energy Star" or the "Designed to Earn the Energy Star" designation from the Environmental Protection Agency.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 2338 amends the Tax Code to authorize the refund of sales taxes imposed on real property repair and remodeling services for facilities that meet certain energy efficiency standards. The bill authorizes the owner of a facility designated as "Energy Star" by the United States Environmental Protection Agency (EPA) to apply to the comptroller of public accounts for and receive a full refund of the sales tax paid by the owner on real property repair and remodeling services performed on the facility in the 18 months preceding the 12-month period in which the facility's energy usage data formed the basis of the designation.

C.S.H.B. 2338 authorizes the owner of a facility designated as "Designed to Earn the Energy Star" by the EPA to apply to the comptroller for and receive a full refund of the sales tax paid by the owner on real property repair and remodeling services performed on the facility in the 18 months immediately following the date of the facility's designation.

C.S.H.B. 2338 authorizes the comptroller to require an applicant for a refund to provide copies of invoices showing amounts of taxes paid that are claimed for refund and documentation from the EPA establishing the facility's designation. The bill authorizes the comptroller to require additional certification by a registered architect that the project receiving the "Designed to Earn the Energy Star" designation was completed in accordance with the requirements to achieve an Energy Star rating at or above the 75th percentile.

C.S.H.B. 2338 establishes that taxes paid on construction materials are not eligible for the tax refund. The bill clarifies that a reference to the EPA's "Energy Star" or "Designed to Earn the Energy Star" designation includes a successor to that agency or designation.

EFFECTIVE DATE

September 1, 2009.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 2338 removes provisions in the original relating to the authorization of an owner of a facility that meets specific energy usage requirements to apply to the comptroller for and receive a full refund of the sales tax paid by the owner on real property repair and remodeling services performed on the facility in the 18 months preceding the completion of those services.