

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 22, 2009

TO: Honorable Rene Oliveira, Chair, House Committee on Ways & Means

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

IN RE: HB238 by Rodriguez (Relating to an exemption from the sales tax for certain renewable energy devices.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB238, As Introduced: a negative impact of (\$5,598,000) through the biennium ending August 31, 2011.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2010	(\$2,549,000)
2011	(\$3,049,000)
2012	(\$3,343,000)
2013	(\$3,666,000)
2014	(\$4,020,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from <i>General Revenue Fund 1</i>	Probable Revenue (Loss) from <i>Cities</i>	Probable Revenue (Loss) from <i>Transit Authorities</i>	Probable Revenue (Loss) from <i>Counties</i>
2010	(\$2,549,000)	(\$431,000)	(\$147,000)	(\$61,000)
2011	(\$3,049,000)	(\$567,000)	(\$193,000)	(\$80,000)
2012	(\$3,343,000)	(\$622,000)	(\$212,000)	(\$88,000)
2013	(\$3,666,000)	(\$682,000)	(\$232,000)	(\$96,000)
2014	(\$4,020,000)	(\$748,000)	(\$255,000)	(\$106,000)

Fiscal Analysis

The bill would amend Chapter 151 of the Tax Code to create a sales tax exemption for "renewable energy devices" installed on a retail customer's side of the meter.

Renewable energy devices would mean a device that exclusively uses one or more renewable energy technologies to generate electricity. "Renewable energy technologies" would have the meaning assigned by Section 39.904 of the Utilities Code and would include those that rely on energy derived directly from the sun, on wind, geothermal, hydroelectric, wave, or tidal energy, or on biomass or bio mass-based waste products, including landfill gas. "Retail customer" would mean the separately metered end-use customer who purchases and ultimately consumes electricity. Currently, renewable energy devices purchased to generate electricity for sale are exempt from the state sales and use tax as manufacturing equipment.

The bill would take effect September 1, 2009. The exemption would expire August 31, 2017.

Methodology

Data on the sale of renewable energy devices were gathered from several sources, including the Energy Information Administration. Sales were adjusted to reflect Texas sales; multiplied by the state sales tax rate; adjusted for the effective date of September 1, 2009; and extrapolated through 2014.

Local Government Impact

There would be a proportional loss of sales tax revenue to units of local government.

Source Agencies: 304 Comptroller of Public Accounts

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