

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

March 24, 2009

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

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

IN RE: HB803 by Burnam (Relating to the period during which certain energy-efficient products are exempt from the sales tax.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB803, As Introduced: a negative impact of (\$46,399,000) through the biennium ending August 31, 2011, if the effective date of the bill is July 1, 2009; or a negative impact of (\$41,036,000) through the biennium ending August 31, 2011, if the effective date of the bill is October 1, 2009.

All Funds, Six-Year Impact:

Fiscal Year	Probable Savings/ (Cost) from <i>General Revenue Fund</i> 1	Probable Savings/ (Cost) from <i>Cities</i>	Probable Savings/ (Cost) from <i>Transit Authorities</i>	Probable Savings/ (Cost) from <i>Counties</i>
2009	(\$1,735,000)	\$0	\$0	\$0
2010	(\$21,771,000)	(\$4,049,000)	(\$1,381,000)	(\$572,000)
2011	(\$22,893,000)	(\$4,258,000)	(\$1,452,000)	(\$602,000)
2012	(\$23,933,000)	(\$4,451,000)	(\$1,518,000)	(\$629,000)
2013	(\$24,994,000)	(\$4,648,000)	(\$1,585,000)	(\$657,000)
2014	(\$26,060,000)	(\$4,847,000)	(\$1,653,000)	(\$685,000)

The above table assumes an effective date of July 1, 2009. The table below assumes an effective date of October 1, 2009.

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>
2010	(\$18,143,000)	(\$3,037,000)	(\$1,036,000)	(\$429,000)
2011	(\$22,893,000)	(\$4,258,000)	(\$1,452,000)	(\$602,000)
2012	(\$23,933,000)	(\$4,451,000)	(\$1,518,000)	(\$629,000)
2013	(\$24,994,000)	(\$4,648,000)	(\$1,585,000)	(\$657,000)
2014	(\$26,060,000)	(\$4,847,000)	(\$1,653,000)	(\$685,000)

Fiscal Analysis

The bill would amend Chapter 151 of the Tax Code to create a sales tax exemption for certain energy-efficient products if the products were purchased by a person receiving services under the Temporary Assistance for Needy Families (TANF) or food stamp program.

The exemption would apply to items eligible for the current sales tax holiday for energy-efficient products. A person requesting the exemption would be required to present a Lone Star Card issued by the Health and Human Services Commission as proof the person is receiving TANF or food stamp services.

The bill would take effect July 1, 2009, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect October 1, 2009.

Methodology

Data on the number of households receiving TANF or food stamp services were gathered from the Health and Human Services Commission. Expenditures for energy-efficient products by households receiving these services were estimated based on data gathered from the U.S. Bureau of Labor Statistics. Expenditures were multiplied by the state sales tax rate; adjusted for potential effective dates of July 1, 2009 and October 1, 2009; and extrapolated through fiscal 2014. Fiscal implications on units of local government were estimated proportionally.

Local Government Impact

Local government entities would have a proportional loss of sales tax revenue under provisions of the bill as reflected in the above table.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, MN, SD, KK