Senate Research Center

83R2688 ADM-F

S.B. 535

By: West

Finance

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As Filed

## AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The population of Texas is growing at two percent per year and the economy is expanding at an even greater rate—2.4 percent in 2011. This is causing a growth in demand for electricity. The Electric Reliability Council of Texas (ERCOT) reports that peak demand on the ERCOT system will increase at a rate of two percent to three percent for the 2013 to 2016 timeframe. After 2017, the growth in system peak demand is forecast to slow to an average annual growth rate of approximately one percent.

S.B. 535 enables more customer demand management by adding additional energy-efficient products to the approved list of energy-efficient products which may be purchased exempt from sales tax during the Memorial Day Sales Tax Holiday. These products are being added to the list because they have been determined to qualify as Energy Star products since this section of the Tax Code was enacted in 2007. Over time this measure should result in reductions in electricity consumption.

As proposed, S.B. 535 amends current law relating to exemptions from the sales and use tax for certain energy-efficient products.

## RULEMAKING AUTHORITY

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

## SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 151.333(b), Tax Code, as follows:

(b) Provides that this section applies only to the following energy-efficient products:

(1) an air conditioner the sales price of which does not exceed $8,000, rather than $6,000;

(2)-(6) Makes no change to these subdivisions;

(7)-(8) Makes nonsubstantive changes;

(9) a room air cleaner or purifier;

(10) home insulating and air sealing products;

(11) ductless heating and cooling equipment;

(12) a boiler;

(13) a furnace;

(14) an air source heat pump; and

          (15)  a geothermal heat pump.

SECTION 2.  Makes application of this Act prospective.

SECTION 3.  Effective date:  September 1, 2013.