

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION**

**April 7, 2013**

**TO:** Honorable Tommy Williams, Chair, Senate Committee on Finance

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE:** SB342 by Estes (Relating to exemption from the sales tax for certain water efficient products for a limited period.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds for SB342, As Introduced:** a negative impact of (\$2,640,000) through the biennium ending August 31, 2015.

**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2014	(\$1,291,000)
2015	(\$1,349,000)
2016	(\$1,403,000)
2017	(\$1,459,000)
2018	(\$1,517,000)

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Revenue (Loss) from General Revenue Fund 1	Probable Revenue (Loss) from Cities	Probable Revenue (Loss) from Transit Authorities	Probable Revenue (Loss) from Counties and Special Districts
2014	(\$1,291,000)	(\$239,000)	(\$83,000)	(\$41,000)
2015	(\$1,349,000)	(\$250,000)	(\$86,000)	(\$43,000)
2016	(\$1,403,000)	(\$260,000)	(\$90,000)	(\$45,000)
2017	(\$1,459,000)	(\$270,000)	(\$93,000)	(\$47,000)
2018	(\$1,517,000)	(\$281,000)	(\$97,000)	(\$49,000)

**Fiscal Analysis**

This bill would amend Chapter 151 of the Tax Code, regarding the sales and use tax, to provide for a sales tax holiday for certain water efficient products.

The bill would add new Section 151.3335 to provide that the sale of a "WaterSense product" as certified under the U.S. EPA WaterSense program would be exempt from the sales and use tax

during the period beginning at 12:01 a.m. on the Saturday preceding the last Monday in May (Memorial Day) and ending at 11:59 p.m. on the last Monday in May.

The bill would take effect July 1, 2013 if passed by two-thirds votes of the membership of each house, otherwise it would take effect October 1, 2013.

### **Methodology**

Data were gathered from Comptroller tax files regarding the amount of taxable sales made by certain retailers selling the products subject to the provisions of the bill. An adjustment was made to estimate their share of sales for the subject items and for the time period, multiplied by the tax rate, and extrapolated through fiscal 2018. The fiscal impacts on units of local government were estimated proportionally. The fiscal impacts would be the same whether the bill takes effect July 1 or October 1, 2013.

### **Local Government Impact**

There would be a corresponding loss of sales and use tax revenue to local taxing jurisdictions.

**Source Agencies:** 304 Comptroller of Public Accounts

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