

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 9, 2015

TO: Honorable Dennis Bonnen, Chair, House Committee on Ways & Means

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB2492** by Darby (relating to an exemption from the sales tax for certain water-efficient products for a limited period.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2492, Committee Report 1st House, Substituted: a negative impact of (\$7,730,000) through the biennium ending August 31, 2017.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2016	(\$3,700,000)
2017	(\$4,030,000)
2018	(\$4,200,000)
2019	(\$4,370,000)
2020	(\$4,540,000)

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 and Special Districts</i>
2016	(\$3,700,000)	(\$710,000)	(\$230,000)	(\$150,000)
2017	(\$4,030,000)	(\$720,000)	(\$230,000)	(\$150,000)
2018	(\$4,200,000)	(\$740,000)	(\$240,000)	(\$160,000)
2019	(\$4,370,000)	(\$840,000)	(\$260,000)	(\$160,000)
2020	(\$4,540,000)	(\$850,000)	(\$260,000)	(\$160,000)

Fiscal Analysis

The 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 a "WaterSense product" as certified under the U.S. Environmental Protection Agency 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.

This bill would take effect July 1, 2015, assuming it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect October 1, 2015.

Methodology

The bill would amend Chapter 151 of the Tax Code, to provide for an exemption from sales and use tax of certain water-efficient products for a limited period.

The bill would add Section 151.3335 to provide that a water-conserving product or WaterSense product 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.

"Water-conserving product" would be defined as tangible personal property used outdoors on private residential property and not in a business or trade that may result in water conservation or groundwater retention, water table recharge, or a decrease in evaporation. The term would include a soaker or drip irrigation hose, a moisture control for sprinkler or irrigation systems, mulch, a rain barrel or alternative moisture control system, and a permeable ground cover surface.

A "WaterSense product" would be as certified under the U.S. Environmental Protection Agency WaterSense program.

The bill would take effect July 1, 2015, assuming it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect October 1, 2015.

Local Government Impact

There would be a proportional loss of sales and use tax revenue from local taxing jurisdictions as shown in the above table.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD