

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 6, 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 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 HB2492, As Introduced: a negative impact of (\$4,290,000) 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	(\$2,100,000)
2017	(\$2,190,000)
2018	(\$2,280,000)
2019	(\$2,370,000)
2020	(\$2,460,000)

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
2016	(\$2,100,000)	(\$390,000)	(\$89,000)	(\$71,000)
2017	(\$2,190,000)	(\$400,000)	(\$92,000)	(\$74,000)
2018	(\$2,280,000)	(\$420,000)	(\$96,000)	(\$77,000)
2019	(\$2,370,000)	(\$440,000)	(\$100,000)	(\$80,000)
2020	(\$2,460,000)	(\$450,000)	(\$104,000)	(\$84,000)

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

Data was 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 2020. 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, 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