LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

May 2, 2025

TO: Honorable Morgan Meyer, Chair, House Committee on Ways & Means

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **HB485** by Cortez (Relating to the authority of an emergency services district to impose a sales tax on gas and electricity sold for residential use.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would allow the Board of Emergency Services Commissioners (board), by majority vote, to repeal the application from exemption of gas and electricity sold for residential use from the sales and use tax imposed by the district. The bill would allow the board to reinstate the tax exemption in the same manner.

The bill would stipulate the repeal or reinstatement of the exemption from sales and use tax on the sale of gas and electricity would take effect after the first complete calendar quarter following the date on which the comptroller receives notice of the order.

The bill would take effect immediately upon enactment, assuming it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2025.

Local Government Impact

By allowing a board to repeal the exemption, the bill would allow an emergency services district (ESD) to impose a sales tax on the sale or use of residential gas or electricity. Under current law, certain cities and certain special purpose districts are permitted to impose such a tax.

The number of ESD boards that would vote to impose, or reimpose, the sales and use tax on the sale of residential electricity is unknown. As such the fiscal implications of the bill cannot be determined.

Source Agencies: 304 Comptroller of Public Accounts

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