

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

April 9, 2025

TO: Honorable Joan Huffman, Chair, Senate Committee on Finance

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB2020 by Campbell (Relating to the exclusion of real property repair and remodeling services from sales and use taxes.), As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for SB2020, As Introduced: a negative impact of (\$917,470,000) through the biennium ending August 31, 2027.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to <i>General Revenue Related Funds</i>
2026	(\$447,360,000)
2027	(\$470,110,000)
2028	(\$496,310,000)
2029	(\$523,490,000)
2030	(\$548,870,000)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	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 & Special Districts</i>
2026	(\$447,360,000)	(\$81,860,000)	(\$27,130,000)	(\$20,180,000)
2027	(\$470,110,000)	(\$86,020,000)	(\$28,510,000)	(\$21,200,000)
2028	(\$496,310,000)	(\$90,810,000)	(\$30,100,000)	(\$22,390,000)
2029	(\$523,490,000)	(\$95,790,000)	(\$31,750,000)	(\$23,610,000)
2030	(\$548,870,000)	(\$100,430,000)	(\$33,290,000)	(\$24,760,000)

Fiscal Analysis

The bill would exclude real property repair and remodeling services from sales and use taxes.

The bill would take effect September 1, 2025.

Methodology

Under current law, repair and remodeling of residential real property is exempt from sales tax. This bill would exempt such services performed with respect to nonresidential real property.

According to the Comptroller of Public Accounts, information regarding the amount spent on the rehabilitation and repair of certain real property in Texas was obtained from the U.S. Census Bureau, adjusted for the amount

subject to the provisions of the bill, multiplied by the state tax rate, and extrapolated forward based on projected gross state product for the construction sector.

Local Government Impact

There would be a corresponding loss of sales and use tax revenue from local taxing jurisdictions displayed in the above tables.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JMc, KK, SD