

## **BILL ANALYSIS**

Senate Research Center

S.B. 857  
By: Madla  
Finance  
4/20/2001  
Committee Report (Amended)

### **DIGEST AND PURPOSE**

In 1975, the Texas Legislature passed a sales tax exemption for solar energy devices. The federal tax credit ended by 1985, and the renewable energy industry began to lose momentum. Around the same time the Legislature began repealing many tax exemptions, including the exemption for solar energy devices in 1987. No state financial incentive for residential or commercial-scale renewable energy devices has been provided since then. S.B. 857 exempts renewable energy devices from the sales and use taxes.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Chapter 151H, Tax Code, by adding Section 151.357, as follows:

Sec. 151.357. RENEWABLE ENERGY DEVICES. (a) Defines “renewable energy” and “renewable energy device.”

(b) Provides that the sale or use of a renewable energy device, including its component parts and repair or replacement parts, is exempt from the tax imposed by this chapter.

SECTION 2. Provides that the expiration date of Section 151.357, Tax Code, as added by this Act, is August 31, 2003.

SECTION 3. Effective date: July 1, 2001, or October 1, 2001.  
Makes application of this Act prospective.

### **SUMMARY OF COMMITTEE CHANGES**

Differs from original in SECTION 1, Section 151.357(2), by adding language to the definition of “renewable energy device” to provide that the term does not include air-source heat pump systems. Further differs by adding a new SECTION 2 providing that the expiration date of Section 151.357, Tax Code, as added by this Act, is August 31, 2003. Redesignates original SECTION 2 as SECTION 3.