

## **BILL ANALYSIS**

Senate Research Center  
86R11337 BEF-F

S.B. 1294  
By: Powell  
Finance  
3/21/2019  
As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

According to our state's 2017 Water Plan, the population of Texas is projected to balloon by 70 percent between 2020 and 2070. Over half of that population growth is expected to take place in Water Planning Regions C and H, encompassing the Dallas and Houston metropolitan areas and surrounding cities. During that same period, the region's total water supply is projected to decrease by three percent.

Given these projections, it is becoming increasingly clear that efficient-use technologies such as rainwater harvesting systems are going to emerge beneficial in our effort to meet the predicted increase in demand on our state water systems.

S.B. 1294 would amend the Tax Code and extend a previously codified sales tax exemption on the purchase of rainwater harvesting systems to the cost of labor related to the installation of those systems. Presently, Texans may purchase rainwater harvesting systems with a sales tax exemption.

Given the rate at which our state's population is expected to grow, making it easier for Texans to purchase/install water efficient and water-saving technologies like rainwater harvesting systems will play into furthering the conversation concerning efficient water use as well as easing the strain that is expected to be placed on our state's water systems.

As proposed, S.B. 1294 amends current law relating to water-related exemptions from 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 Section 151.355, Tax Code, as follows:

Sec. 151.355. WATER-RELATED EXEMPTIONS. Provides that the following are exempted from taxes imposed by this chapter (Limited Sales, Excise, and Use Tax):

(1) equipment, services, or supplies used solely for rainwater harvesting, rather than rainwater harvesting equipment or supplies;

(1-a) creates this subdivision from existing text and makes nonsubstantive changes; and

(2)–(7) makes no changes to these subdivisions.

SECTION 2. Provides that the changes in law made by this Act do not affect tax liability accruing before the effective date of this Act. Provides that that liability continues in effect as if this Act had not been enacted, and the former law is continued in effect for the collection of taxes due and for civil and criminal enforcement of the liability for those taxes.

SECTION 3. Provides that this Act takes effect on the first day of the first month beginning on or after the earliest date on which this Act may take effect if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. Provides that if this Act does not receive the vote necessary for effect before September 1, 2019, this Act takes effect September 1, 2019.