

**DEPARTMENT OF TAXATION  
2004 Fiscal Impact Statement**

1. **Patron** Ryan T. McDougale

2. **Bill Number** HB 1279

3. **Committee** House Finance

**House of Origin:**

  X   **Introduced**

       **Substitute**

       **Engrossed**

4. **Title** Retail Sales and Use Tax: Exemption for  
Certain Energy Efficient Products

**Second House:**

       **In Committee**

       **Substitute**

       **Enrolled**

**5. Summary/Purpose:**

This bill would create a sales and use tax exemption for clothes washers, refrigerators, room air conditioners, lighting fixtures, compact fluorescent light bulbs, ceiling fans and torchiere lamps that have received the energy star certification mark awarded to products that meet or exceed the applicable energy star specifications developed by the United States Environmental Protection Agency and the United States Department of Energy.

This exemption would be effective July 1, 2004, and would have no expiration date.

6. **Fiscal Impact Estimates are:** Tentative. (See Line 8.)

7. **Budget amendment necessary:** No.

**8. Fiscal implications:**

Administrative

This bill would result in minimal forms revision and taxpayer education expenses for the Department.

Revenue

This bill would have a negative revenue impact on General Fund, Transportation Trust Fund and local revenues. It is estimated that this bill would have a negative revenue impact on state and local revenues of \$5.96 million in fiscal year 2005, \$6.09 million in fiscal year 2006, \$6.20 million in fiscal year 2007, \$6.33 million in fiscal year 2008, \$6.45 million in fiscal year 2009 and \$6.59 million in fiscal year 2010.

These revenue estimates include items not specifically set forth in the bill. No data is available that separately segregates only the items exempted by the bill; therefore, the estimate includes some similar product categories that were not listed in the bill and excludes some of the product categories that were listed in the bill. The following categories of energy star products were used to compute the revenue estimate:

- Clothes washers
- Refrigerators
- Room air conditioners
- Dishwashers

**9. Specific agency or political subdivisions affected:**

Department of Taxation

**10. Technical amendment necessary:** No.

**11. Other comments:**

This bill would provide a sales and use tax exemption for consumers that purchase certain energy efficient products that have received the energy star certification mark owned by the United States government. The energy star certification mark is awarded to products that meet or exceed the applicable energy star specifications developed by the United States Environmental Protection Agency and United States Department of Energy. This bill would limit the exemption to the following products, if the products have received the energy star certification:

- clothes washers
- refrigerators
- room air conditioners
- lighting fixtures
- compact fluorescent light bulbs
- ceiling fans
- torchiere lamps

The energy star certification program currently includes a broad array of products that are not listed in this bill. Some of these products include:

- audio components
- VCRs and DVD players
- televisions
- computers and related products
- heat pumps and furnaces
- central air conditioners
- humidifiers and dehumidifiers
- air cleaners
- electric ranges
- water coolers
- windows
- roofing products