

## Sales Tax Exemptions for Water Related Equipment

The Texas Legislature created a new sales tax exemption to encourage Texans to conserve water. The exemption, which took effect September 1, 2001, applies to equipment, supplies, and services used solely for certain types of water conservation.

For the purpose of this exemption, "solely" means the equipment, services, or supplies are used exclusively for stated water conservation. For example, a water dam in a toilet tank is used only to save water, so it qualifies for the exemption. A washing machine that has special features to conserve water does not qualify, because it is used to wash clothes, not solely to reduce water use.

The new exemption covers the following types of conservation with examples of equipment, supplies, and services that qualify for the exemption from sales tax if used solely for the purpose shown.

- **Rainwater harvesting** - rain barrels, gutters used solely to route the water into rain barrels or rainwater collection systems, tanks and cisterns, roof washers used in harvesting systems, screens and filters for the gutters, barrels, tanks, cisterns and roof washers, and a collection surface area that is not used as a roof of a structure or storage area.
- **Water recycling and reuse** - chemicals, tanks and cisterns, and water recycling systems for washing machines.
- **Reduction or elimination of water use** - water dams for toilets, timers attached to sprinkler systems, water displacement devices for toilet tanks, and faucet sensors that shut off water flow.
- **Desalination of surface water or groundwater** - cleaning and pickling valves, filters, membranes, pre-filter pumps, product flow meters, salinity meters, and high-pressure control valves.
- **Brush control designed to increase the availability of water** - spray equipment and calibration of the equipment, herbicides, tractors, bulldozers, and chain saws.
- **Precipitation enhancement** - end-burning cloud-base flares, acetone solution wing-tip generators, pressure transducers, spectrometer probes, and calibration equipment.
- **Water or wastewater system** - equipment, services, and supplies to construct or operate a system certified by the Texas Commission on Environmental Quality as a regional system. The exemption also covers a water supply or wastewater system built or operated by a private entity if the system is certified by a political subdivision or by a non-profit water supply corporation created and operated under Chapter 67 of the Texas Water Code.

Not exempt are items that do not meet the "sole purpose" test, such as water-efficient appliances, pumps for fountains or water displays, tools used for landscaping or lawn care, lawnmowers, shredders, low-flush toilets, and water hoses.

The purchaser of equipment used for the sole purpose of water conservation or water reuse must give the seller a Texas sales tax exemption certificate stating valid qualifications for the exemption. The certificate must also state the purchaser's name and address, description of the item, the reason the purchase is tax exempt, the purchaser's signature, the date, and the seller's name and address.

The Texas Sales and Use Tax Exemption Certificate is available on the Comptroller's Internet site at <http://window.state.tx.us/taxinfo/taxforms/01-forms.html>.

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## TEXAS SALES AND USE TAX EXEMPTION CERTIFICATION

Name of purchaser, firm or agency	
Address (Street & number, P.O. Box or Route number)	Phone (Area code and number)
City, State, ZIP code	

I, the purchaser named above, claim an exemption from payment of sales and use taxes (for the purchase of taxable items described below or on the attached order or invoice) from:

Seller: \_\_\_\_\_

Street address: \_\_\_\_\_ City, State, ZIP code: \_\_\_\_\_

Description of items to be purchased or on the attached order or invoice:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Purchaser claims this exemption for the following reason:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

I understand that I will be liable for payment of sales or use taxes which may become due for failure to comply with the provisions of the Tax Code: Limited Sales, Excise, and Use Tax Act; Municipal Sales and Use Tax Act; Sales and Use Taxes for Special Purpose Taxing Authorities; County Sales and Use Tax Act; County Health Services Sales and Use Tax; The Texas Health and Safety Code; Special Provisions Relating to Hospital Districts, Emergency Services Districts, and Emergency Services Districts in counties with a population of 125,000 or less.

*I understand that it is a criminal offense to give an exemption certificate to the seller for taxable items that I know, at the time of purchase, will be used in a manner other than that expressed in this certificate and, depending on the amount of tax evaded, the offense may range from a Class C misdemeanor to a felony of the second degree.*

Purchaser 	Title	Date
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NOTE: This certificate cannot be issued for the purchase, lease, or rental of a motor vehicle.

***THIS CERTIFICATE DOES NOT REQUIRE A NUMBER TO BE VALID.***

Sales and Use Tax "Exemption Numbers" or "Tax Exempt" Numbers do not exist.

This certificate should be furnished to the supplier. Do **not** send the completed certificate to the Comptroller of Public Accounts.