

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

March 24, 2003

**TO:** Honorable Ron Wilson, Chair, House Committee on Ways & Means

**FROM:** John Keel, Director, Legislative Budget Board

**IN RE: HB865** by Hilderbran (Relating to providing revenue from the gasoline tax to municipalities and counties for constructing and maintaining roads.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB865, As Introduced: a negative impact of (\$6,778,684) through the biennium ending August 31, 2005.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	(\$4,887,625)
2005	(\$1,891,059)
2006	(\$1,893,181)
2007	(\$1,848,621)
2008	(\$1,956,621)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from GENERAL REVENUE FUND 1	Probable Revenue Gain/(Loss) from STATE HIGHWAY FUND 6	Probable Revenue Gain/(Loss) from All Local Units of Government	Change in Number of State Employees from FY 2003
2004	(\$4,887,625)	(\$69,717,000)	\$69,717,000	55.0
2005	(\$1,891,059)	(\$84,982,000)	\$84,982,000	38.0
2006	(\$1,893,181)	(\$86,546,000)	\$86,546,000	38.0
2007	(\$1,848,621)	(\$88,277,000)	\$88,277,000	32.0
2008	(\$1,956,621)	(\$89,945,000)	\$89,945,000	32.0

Fiscal Analysis

The bill would amend Chapter 153 of the Tax Code to allocate a portion of the state gasoline tax to the county or municipality in which the gasoline was sold.

The state gasoline tax is currently levied at \$0.20 per gallon. The bill would allocate \$0.01 of the tax to the county or municipality in which the gasoline was sold. The \$0.01 allotment would be taken from the portion of the tax that is currently allocated to the State Highway Fund 006. Monies so allocated to counties and municipalities would be deposited and maintained by the local entities in accounts separate from all other local revenue accounts. Local entities could use the funds only to acquire rights-of-way and to construct and maintain roads.

The bill would require dealers and gasoline jobbers to include information in their tax reports specifying how many gallons of taxable gasoline were sold in each municipality and county in Texas. The Comptroller's Office would then compute, for the previous month: the total number of gallons of taxable gasoline sold, the total number of gallons sold in each county but outside of a municipality, and the total number of gallons sold in each county and inside of a municipality. The Comptroller's Office would then allocate a portion of the gasoline tax collected—equivalent to one cent per gallon sold—to municipalities and counties using the method described by the bill.

This bill would take effect October 1, 2003.

**Methodology**

This estimate is primarily based on information provided by the Comptroller's Office. The Texas Department of Transportation also provided information indicating that the annual revenue losses to Highway Fund 006 would be approximately 50 percent more than these used here and estimated by the Comptroller.

The Comptroller estimate assumes that the duplication of reported taxable gasoline sales by jobbers to dealers could be corrected by jobbers and dealers filing additional supplements with the Comptroller's Office. As written, the bill would not permit the capture of information relating to taxable gasoline sales by distributors to bulk end users. This estimate assumes that by distributors filing an additional supplement such information could be captured on a county-specific basis.

The estimated gasoline tax revenues contained in the Comptroller's *2004-05 Biennial Revenue Estimate*, as well as projections through 2008, were analyzed in view of the bill's proposed allocation formula. The estimate for fiscal 2004 was adjusted for the October 1, 2003 effective date and assumes 10 months of local allocations that year.

The above tables reflect additional administrative costs the Comptroller's office indicates it would incur to implement the provisions of the bill.

**Local Government Impact**

Counties and municipalities would benefit from this bill to the degree indicated in the above tables.

**Source Agencies:** 304 Comptroller of Public Accounts, 601 Department of Transportation  
**LBB Staff:** JK, JO, SD, WP, CT