

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 30, 2003

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

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB2413 by Hopson (Relating to the tax on gasoline sold to volunteer fire departments for their exclusive use.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2413, As Introduced: an impact of \$0 through the biennium ending August 31, 2005.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	\$0
2005	\$0
2006	\$0
2007	\$0
2008	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>STATE HIGHWAY FUND</i> 6
2004	(\$77,000)
2005	(\$138,000)
2006	(\$144,000)
2007	(\$149,000)
2008	(\$155,000)

Fiscal Analysis

The bill would amend Sections 153.102 and 153.503 of the Tax Code by reducing the gasoline tax rate for gasoline sold to a volunteer fire department (VFD), for its exclusive use, to \$0.05 per gallon. Under current law, VFD gasoline use is subject to the \$0.20 per gallon state gasoline tax.

The bill would require that gasoline taxes collected on gasoline sold to a VFD be allocated to the Available School Fund 002, after taking into account customary deductions and allocations.

The bill would take effect January 1, 2004, but only if the constitutional amendment proposed by the 78th Legislature, Regular Session, 2003, authorizing the Legislature to allocate an amount greater than one-fourth of the net revenue from the tax on motor fuels sold to volunteer fire departments to the available school fund was approved by the voters.

Methodology

This fiscal note is based on analyses provided by the Comptroller's Office and assumes that the related constitutional amendment will be passed by the voters and that this bill would take effect January 1, 2004.

The Comptroller used data provided by the Texas Forest Service regarding the number of VFD's in the state, the average annual mileage driven by each VFD, and the average fuel efficiency of VFD vehicles. These factors were used to calculate the average annual amount of motor fuel used by VFD's in Texas. An allowance was made to exclude diesel powered vehicles to arrive at the gallons of gasoline consumed per year. The proposed gasoline tax rate of \$0.05 per gallon was applied to the gallons of gasoline consumed to arrive at the potential fiscal impact. These revenues were subjected to the new allocation specified in the bill. It was assumed that all VFD's would use the proposed gasoline tax rate of \$0.05 per gallon. The first year's revenue loss was adjusted to allow for the statutory lag in gasoline tax remittances.

Local Government Impact

Local volunteer fire departments would benefit from reduced state motor fuel taxes to the degree indicated in the above table.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JK, SD, WP, CT