

**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: HB2458** by Krusee (Relating to the collection of the motor fuel taxes; providing penalties.),  
**Committee Report 1st House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2458, Committee Report 1st House, Substituted: a negative impact of (\$21,344,805) 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, Six-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2003	(\$982,386)
2004	(\$9,651,122)
2005	(\$10,711,297)
2006	(\$10,541,297)
2007	(\$10,472,297)
2008	(\$10,367,297)

**All Funds, Six-Year Impact:**

Fiscal Year	Probable Savings/ (Cost) from <i>GENERAL REVENUE</i> <i>FUND</i> <b>1</b>	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE</i> <i>FUND</i> <b>1</b>	Probable Revenue Gain/(Loss) from <i>AVAILABLE SCHOOL</i> <i>FUND</i> <b>2</b>	Probable Revenue Gain/(Loss) from <i>STATE HIGHWAY</i> <i>FUND</i> <b>6</b>
2003	(\$982,386)	\$0	\$0	\$0
2004	(\$4,026,122)	(\$25,941,000)	\$20,316,000	\$60,949,000
2005	(\$3,006,297)	(\$26,418,000)	\$18,713,000	\$56,140,000
2006	(\$3,006,297)	(\$26,893,000)	\$19,358,000	\$58,074,000
2007	(\$3,006,297)	(\$27,423,000)	\$19,957,000	\$59,872,000
2008	(\$3,006,297)	(\$27,934,000)	\$20,573,000	\$61,719,000

Fiscal Year	Change in Number of State Employees from FY 2003
2003	16.3
2004	70.0
2005	67.0
2006	67.0
2007	67.0
2008	67.0

## **Fiscal Analysis**

The bill would amend Subtitle E, Title 2 of the Tax Code by moving the imposition and collection of the motor fuel tax on gasoline and diesel fuel to the point where fuel is removed from the terminal rack.

Under current law, the tax is imposed at the distributor level. The bill would repeal Chapter 153 of the Tax Code, concerning motor fuel taxes, and it would add Chapter 162 to replace the repealed chapter.

The bill would limit the purchase of tax-free diesel fuel to only dyed diesel, except for the federal government and independent school districts. Under current law, certain permitted agricultural end users can purchase clear diesel tax free for off-road use.

The bill would require a license for motor fuel retail dealers and terminal operators. Under current law, these entities are not required to be permitted or licensed.

The bill would institute a new filing allowance schedule for the remittance of motor fuel taxes on gasoline and diesel fuel. The new collection allowances would be 1.75 percent of the tax remitted for distributors and 0.25 percent of the tax remitted for licensed suppliers. Under current law, a permitted distributor is allowed a 2.0 percent filing allowance.

The bill would eliminate the provision to claim a refund for gasoline and clear diesel fuel used in off-road equipment.

The bill would take effect September 1, 2003.

## **Methodology**

This fiscal note is based upon analyses provided by the Comptroller's Office.

Comptroller staff estimated the effect of the provisions in the bill that change the bad debt provisions in the law. An allowance was made for the loss of refunds for fuel used in off-road equipment. It was assumed that, after one year, all racks in Texas would have dyed diesel available for purchase.

The Comptroller's Offices administrative cost estimate reflects the funds that would be required to amend rules, create and generate new forms, notify taxpayers, and create and revise publications. Software would have to be rewritten to handle the change in where the tax was collected. Additional workload in the revenue divisions would include increased payment processing and numerous refunds for overpayment of taxed fuel sold to exempt organizations. The workload for the audit and enforcement divisions also would increase.

## **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** JK, JO, SD, WP, CT