

BILL ANALYSIS

C.S.H.B. 5
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Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The state of Texas taxes gasoline at \$.20 per gallon. The last time the tax was raised was in 1991--from \$.15 to the current rate. Inflation has affected the value of the gas revenue so much so that the inflation-adjusted amount is worth approximately \$.14 per gallon--lower than the amount the legislature adjusted in 1991. The purpose of CSHB 5 is to allow the revenue from the gas tax to grow with inflation and to stabilize the purchasing power of transportation's revenue source. This would be accomplished by indexing the gas tax to the Consumer Price Index (CPI). No other government subdivision depends on a source of revenue that is not adjusted for inflation. CSHB 5 would allow transportation to operate under the same rules as every other government jurisdiction.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Legislative Budget Board in SECTION 7 of this bill.

ANALYSIS

CSHB 5 establishes that the tax rate on gasoline and the tax rate on diesel fuel is increased or decreased each year, according to the Consumer Price Index, as published by the United States Department of Labor. The bill mandates that the Legislative Budget Board, not later than September 1, (1) compute the new tax rate, (2) give the new rate to the Secretary of State for publication in the Texas Register, and (3) notify each license holder of the new tax rate.

EFFECTIVE DATE

Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2005.

COMPARISON OF ORIGINAL TO SUBSTITUTE

The substitute corrects a clerical error in the original bill. In SECTION 6, the substitute changes the Tax Code section reference from 162.203 to 162.2025.