

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

March 18, 2005

TO: Honorable Jim Keffer, Chair, House Committee on Ways & Means

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: HB5 by Krusee (Relating to the rate of the state gasoline and diesel fuel taxes.), Committee Report 1st House, Substituted

Estimated Two-year Net Impact to General Revenue Related Funds for HB5, Committee Report 1st House, Substituted: a positive impact of \$45,653,000 through the biennium ending August 31, 2007.

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
2006	\$14,789,000
2007	\$30,864,000
2008	\$49,113,000
2009	\$68,379,000
2010	\$89,079,000

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from GENERAL REVENUE FUND 1	Probable Revenue Gain/(Loss) from AVAILABLE SCHOOL FUND 2	Probable Revenue Gain/(Loss) from STATE HIGHWAY FUND 6	Probable Revenue Gain/(Loss) from GENERAL REVENUE FUND-Dedicated to Game, Fish, and Water Safety 9
2006	\$321,000	\$14,468,000	\$43,405,000	\$206,000
2007	\$666,000	\$30,198,000	\$90,594,000	\$428,000
2008	\$1,053,000	\$48,060,000	\$144,180,000	\$676,000
2009	\$1,457,000	\$66,922,000	\$200,767,000	\$935,000
2010	\$1,883,000	\$87,196,000	\$261,588,000	\$1,209,000

Fiscal Analysis

The bill would amend Chapter 162 of the Tax Code to provide for an increase or decrease in the gasoline and diesel fuel tax rates on October 1 of each year in relation to the percentage change in the consumer price index.

The official price index would be the U.S. Bureau of Labor Statistics consumer price index that measures the average changes in prices of goods and services purchased by urban wage earners and clerical workers' families and single workers living alone (CPI-W: Seasonally Adjusted U.S. City Average—All Items). The gasoline and diesel fuel tax rates would be adjusted on October 1 of each

year by a percentage equal to the consumer price index percentage change for the preceding fiscal year.

Each year, no later than September 1, the Legislative Budget Board (LBB) would: 1) compute the new tax rate, 2) provide the new tax rate to the Secretary of State for publication in the Texas Register; and 3) notify each affected license holder of the applicable new tax rate.

Methodology

Estimates of the increase in gasoline and diesel fuel tax revenues were obtained by adjusting the Comptroller's 2006-07 *Biennial Revenue Estimate* to reflect the increased tax rates. The estimate was also adjusted to reflect statutory collection lags.

The gain to the General Revenue Fund 0001 would result from the increase in unclaimed motorboat refunds (including the portion that used to go to the Available School Fund 0002) and other unclaimed refunds.

The LBB estimates costs of \$50,000 annually in staff time and postage to notify license holders of the new tax rates.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, SD, WP, CT