

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

March 29, 2005

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

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

IN RE: HB1070 by Wong (Relating to an exemption from the motor fuels tax for certain kerosene.),
As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for HB1070, As Introduced: a negative impact of (\$513,000) 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	(\$239,000)
2007	(\$274,000)
2008	(\$289,000)
2009	(\$304,000)
2010	(\$322,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from AVAILABLE SCHOOL FUND 2	Probable Revenue Gain/(Loss) from STATE HIGHWAY FUND 6
2006	(\$239,000)	(\$717,000)
2007	(\$274,000)	(\$822,000)
2008	(\$289,000)	(\$867,000)
2009	(\$304,000)	(\$912,000)
2010	(\$322,000)	(\$965,000)

Fiscal Analysis

The bill would amend Chapter 162 of the Tax Code to provide an exemption from the diesel fuel tax, and allow for a credit or refund for dyed or undyed kerosene used or consumed in manufacturing or that became a component of a product that was not a motor fuel.

The bill would allow a license holder to take a credit or a non-license holder to file a refund claim if tax had been paid on dyed or undyed kerosene that was used or consumed in manufacturing or that became a component of a product that was not a motor fuel.

The bill would become effective September 1, 2005.

Methodology

This estimate is based upon an analysis completed by the Comptroller's Office. This analysis only includes the quantity of undyed kerosene that would be affected by the bill, since dyed kerosene can currently be purchased tax free. An allowance was made for the additional amount of diesel fuel tax that would be given as a credit or refunded under the provisions of this bill. The estimate for fiscal 2006 was adjusted for the statutory lag in motor fuel tax remittances. The change in revenues was then subjected to the statutory allocation of diesel fuel taxes.

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