

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 20, 2005

TO: Honorable Steve Ogden, Chair, Senate Committee on Finance

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

IN RE: SB478 by Barrientos (Relating to the authority of certain counties to impose a local tax on the sale of gasoline and to the use of the tax revenue by a regional mobility authority.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB478, As Introduced: a positive impact of \$137,200,000 through the biennium ending August 31, 2007.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2006	\$0
2007	\$137,200,000
2008	\$137,200,000
2009	\$137,200,000
2010	\$137,200,000

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>AVAILABLE SCHOOL FUND</i> 2	Probable Revenue Gain/(Loss) from <i>Special Districts</i>
2006	\$0	\$0
2007	\$137,200,000	\$411,600,000
2008	\$137,200,000	\$411,600,000
2009	\$137,200,000	\$411,600,000
2010	\$137,200,000	\$411,600,000

Fiscal Analysis

The bill would amend Chapter 370 of the Transportation Code to allow certain counties to impose a local tax on the sale of gasoline.

Before the local tax could be imposed, the voters of a county would have to approve the tax rate in an election. The local tax would only apply to gasoline used to propel motor vehicles on the public highways. The local tax could only be imposed in increments of \$0.01 per gallon of gasoline sold in the participating county, with minimum and maximum rates of \$0.03 and \$0.10 per gallon. The tax could only be imposed by a county: (1) in a Regional Mobility Authority (RMA) or adjacent to such a county, and (2) located within the boundaries of a metropolitan planning area served by a metropolitan planning organization. In addition, the voters in all counties in the metropolitan planning area would have to approve of the local tax.

Any local tax collected would be sent to the local RMA. The RMA would only be allowed to use the

local tax receipts to reduce or waive toll charges for a transportation project, or to finance any costs associated with implementing or operating a passenger rail transportation project.

The bill would take effect on the date on which the constitutional amendment proposed by the 79th Legislature, Regular Session, 2005, authorizing a county to impose a local tax on the sale of gasoline and to transfer the revenue from the tax to another political subdivision of this state, takes effect. If that amendment is not approved by the voters, this bill would have no effect.

Methodology

This analysis assumes that the enacting constitutional amendment would not change current constitutional requirements that 25 percent of net motor fuel tax collections are to be deposited in the Available School Fund. The first year of implementation is assumed to be fiscal year 2007. If no counties choose to implement the special gasoline tax there would be no fiscal impact upon either state or county finances. The greatest fiscal impact of the bill would be if all counties implemented the tax at the maximum rate of 10 cents per gallon. The net effect of the bill would, therefore, range between zero dollars and the amount raised from a 10 cent rate in all Texas counties.

This analysis presumes all eligible counties impose the tax at a rate of 10 cents per gallon.

According to the Federal Highway Administration, in calendar year 2003, 10.977 billion gallons of gasoline were consumed by traffic on Texas roads and highways. (This note assumed that one-half of this total state fuel consumption would occur within eligible counties). Consumption in this amount for fiscal years 2007 to 2010 would generate, at a 10 cent per gallon rate, annual gasoline tax revenues of \$1.0977 billion. A 75/25 allocation of these revenues for local transportation needs and for public education would annually yield \$411.6 million for local roads and \$137.2 million for schools.

Local Government Impact

Local counties and/or regional mobility authorities would benefit by the receipt of gasoline tax revenues in the amounts shown in the above tables.

Source Agencies: 304 Comptroller of Public Accounts, 601 Department of Transportation

LBB Staff: JOB, SD, WP, CT