

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 21, 2005

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

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

IN RE: SB849 by Brimer (Relating to the authority of a regional mobility authority to impose a local tax on the sale of gasoline and diesel fuel.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB849, As Introduced: a positive impact of \$17,794,000 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	\$17,794,000
2008	\$17,794,000
2009	\$17,794,000
2010	\$17,794,000

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	\$17,794,000	\$53,381,000
2008	\$17,794,000	\$53,381,000
2009	\$17,794,000	\$53,381,000
2010	\$17,794,000	\$53,381,000

Fiscal Analysis

The bill would amend Chapter 370 of the Transportation Code to allow regional mobility authorities (RMAs) to impose a local sales tax on the sale of gasoline and diesel fuel.

Before the local tax could be imposed, the voters within the area of the RMA would have to approve the tax rate in an election. The local tax would only apply to gasoline and diesel fuel used to propel motor vehicles on the public highways. The local tax could only be imposed in increments of 1/8 of 1 percent on gasoline or diesel fuel sales within the confines of the regional mobility authority.

The bill does not specify a maximum percentage rate.

Any local tax collected would be collected by the local RMA for use on RMA transportation projects.

The bill would take effect only upon passage of a constitutional amendment limiting the constitution dedication of revenue from a tax on motor fuels imposed the state. 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 RMA chooses to implement the sales tax on motor fuels there would be no fiscal impact upon either state or county finances.

According to the Federal Highway Administration, in calendar year 2003, 14.235 billion gallons of gasoline and diesel fuel were consumed by traffic on Texas roads and highways.

(This note assumes that one-half of this total state fuel consumption would occur within eligible counties; that the average sales price of motor fuels would be \$2.00; and, that the average tax rate would be one-half of one percent).

Consumption of motor fuel at this level for fiscal years 2007 to 2010 would generate, at a one-half of one percent rate, annual motor fuel tax revenues of \$71.175 million. A 75/25 allocation of these revenues for local transportation needs and for public education would annually yield \$53.381 million for local transportation projects and \$17.794 million for schools.

Local Government Impact

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

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

LBB Staff: JOB, JB, SD, WP, CT