

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

March 12, 2007

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

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

IN RE: HB685 by Orr (Relating to the exemption of volunteer fire departments from certain motor fuel taxes.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB685, Committee Report 1st House, Substituted: a negative impact of (\$1,353,000) through the biennium ending August 31, 2009.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2008	(\$647,000)
2009	(\$706,000)
2010	(\$708,000)
2011	(\$711,000)
2012	(\$713,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>AVAILABLE SCHOOL FUND</i> 2	Probable Revenue Gain/(Loss) from <i>STATE HIGHWAY FUND</i> 6
2008	(\$647,000)	(\$1,941,000)
2009	(\$706,000)	(\$2,118,000)
2010	(\$708,000)	(\$2,125,000)
2011	(\$711,000)	(\$2,133,000)
2012	(\$713,000)	(\$2,140,000)

Fiscal Analysis

The bill would amend various sections of Chapter 162 of the Tax Code to exempt volunteer fire departments from the motor fuel taxes imposed under Subchapters B (gasoline) and C (diesel fuel).

The bill would provide a tax exemption for gasoline and diesel fuel sold to a volunteer fire department for its exclusive use. The bill would allow an eligible volunteer fire department, that had paid the motor fuel tax on the purchase of gasoline or diesel fuel, to file a claim with the Comptroller for a refund of the tax.

The bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2007.

Methodology

This fiscal note is based upon analysis provided by the Comptroller's office.

The analysis is based on a February 2007 survey of motor fuel distributors that sell gasoline and diesel fuel to Texas volunteer fire departments, and on a survey done by the Texas Forest Service. Based on the survey data, the average annual amount of motor fuel used by Texas volunteer fire departments was calculated, and the \$0.20 per gallon motor fuel tax rate was applied to estimate the potential annual revenue loss, which was then trended forward over the five-year projection period.

The first year's revenue loss was adjusted to allow for the statutory lag in motor fuel tax remittances

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, SD, CT