

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

February 27, 2007

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

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

IN RE: HB962 by Krusee (Relating to the rate of the state gasoline and diesel fuel taxes.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB962, As Introduced: a positive impact of \$54,737,000 through the biennium ending August 31, 2009.

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
2008	\$19,298,000
2009	\$35,439,000
2010	\$53,103,000
2011	\$73,626,000
2012	\$93,921,000

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from GENERAL REVENUE FUND-DEDICATED TO PARKS AND WILDLIFE DEPARTMENT 1	Probable Revenue Gain/(Loss) from GENERAL REVENUE FUND- UNDEDICATED 1	Probable Revenue Gain/(Loss) from AVAILABLE SCHOOL FUND 2	Probable Revenue Gain/(Loss) from STATE HIGHWAY FUND 6
2008	\$375,000	\$241,000	\$18,682,000	\$51,782,000
2009	\$723,000	\$464,000	\$34,252,000	\$102,756,000
2010	\$1,074,000	\$690,000	\$51,339,000	\$154,017,000
2011	\$1,484,000	\$953,000	\$71,189,000	\$213,566,000
2012	\$1,877,000	\$1,205,000	\$90,839,000	\$272,518,000

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 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 Comptroller 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.

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 information provided by the Comptroller's office and the Texas Department of Transportation.

Estimates of the increase in gasoline and diesel fuel tax revenues were obtained by adjusting the Comptroller's 2008-09 Biennial Revenue Estimate to reflect the increased tax rates resulting from projected changes in the consumer price index.

Because of the October 1 effective date of each year's revised tax rate, the revenue change for each year was calculated based on the appropriate number of months of tax revenue at the differing tax rates during the year. 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.

Local Government Impact

The costs of motor fuel for on-road use to local governments would increase because of the increments to the present 20 cents per gallon motor fuel tax rate.

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

LBB Staff: JOB, SD, CT