

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 24, 2007

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

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

IN RE: HB1981 by Aycock (Relating to the exemption of counties from the diesel fuel tax.), As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for HB1981, As Introduced: a negative impact of (\$1,589,000) through the biennium ending August 31, 2009, if the effective date of the bill is June 1, 2007; or a negative impact of (\$1,415,000) through the biennium ending August 31, 2009, if the effective date of the bill is September 1, 2007.

The following table assumes an effective date of June 1, 2007.

All Funds, Six-Year Impact:

Fiscal Year	Probable Revenue Gain/ (Loss) from AVAILABLE SCHOOL FUND 2	Probable Revenue Gain/ (Loss) from STATE HIGHWAY FUND 6	Probable Revenue Gain/ (Loss) from Counties
2007	(\$114,000)	(\$343,000)	\$457,000
2008	(\$720,000)	(\$2,161,000)	\$2,881,000
2009	(\$755,000)	(\$2,266,000)	\$3,021,000
2010	(\$787,000)	(\$2,362,000)	\$3,149,000
2011	(\$811,000)	(\$2,433,000)	\$3,244,000
2012	(\$854,000)	(\$2,563,000)	\$3,418,000

The following table assumes an effective date of September 1, 2007.

Fiscal Year	Probable Revenue Gain/ (Loss) from AVAILABLE SCHOOL FUND 2	Probable Revenue Gain/ (Loss) from STATE HIGHWAY FUND 6	Probable Revenue Gain/ (Loss) from Counties
2008	(\$660,000)	(\$1,981,000)	\$2,641,000
2009	(\$755,000)	(\$2,266,000)	\$3,021,000
2010	(\$787,000)	(\$2,362,000)	\$3,149,000
2011	(\$811,000)	(\$2,433,000)	\$3,244,000
2012	(\$854,000)	(\$2,563,000)	\$3,418,000

Fiscal Analysis

The bill would amend Chapter 162 of the Tax Code to exempt Texas counties from the diesel fuel tax.

The bill would add diesel fuel sold to a county for the county's exclusive use to the list of exemptions from the diesel fuel tax.

The bill would also allow a license holder to take a credit on a return for diesel fuel tax on diesel fuel sold to a county for the county's exclusive use. The bill would allow a non-license holder to file a refund claim for diesel fuel tax on diesel fuel sold to a county for the county's exclusive use.

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 analyses provided by the Comptroller's Office.

Under current law, on-road use of diesel fuel by counties is subject to the \$0.20 per gallon state diesel fuel tax. (Counties are exempt from the federal excise tax on diesel fuel of 24.4 cents per gallon.) Off-road use of diesel fuel is not subject to the state diesel fuel tax.

Figures were extracted from *Highway Statistics 2005* (published by the United States Department of Transportation, Federal Highway Administration) for highway use of diesel fuel and gasoline by all, non-federal governmental entities in Texas. Using data from tax records, the United States Energy Information Administration, and the Uniform Statewide Accounting System, calculations were made to arrive at the amount of diesel fuel tax paid by counties under current law. This figure would be the loss to the state each year. The loss to the state was shown as a savings to counties.

The first year's revenue figures were adjusted to allow for the statutory lag in diesel fuel tax remittances.

Local Government Impact

Local units of government would benefit to the degree shown in the above table.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, SD, CT