

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**March 26, 2007**

**TO:** Honorable Kip Averitt, Chair, Senate Committee on Natural Resources

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

**IN RE: SB663** by Hegar (Relating to the production and taxation of renewable diesel fuel.), **As Introduced**

**The effect of the addition of renewable diesel on the number of gallons of fuel that would be claimed under the fuel ethanol, biodiesel, and renewable diesel grants, available in Chapter 16 cannot be estimated because it is unknown what effect the addition of renewable diesel would have, if any, on production at eligible plants in Texas and the addition of renewable diesel in Chapter 162 cannot be estimated because it is not possible to predict how many gallons, if any, of the fuel would be used to propel motor vehicles on the public roads of Texas.**

The bill would amend Chapter 162 of the Tax Code and Chapter 16 of the Agriculture Code, relating to "renewable diesel."

The bill would define "renewable diesel" and add it to the list of product common names that are defined as diesel fuel in Chapter 162. The bill would also add renewable diesel to the list of fuels, or mixtures of fuels, that are exempt from the diesel fuel tax.

The bill would amend Chapter 16 of the Agriculture Code to change the name of the "Fuel Ethanol and Biodiesel Production Incentive Program" to the "Fuel Ethanol, Biodiesel, and Renewable Diesel Production Incentive Program." It would add renewable diesel as a fuel that would be eligible for a grant of 20 cents per gallon, if the 3.2 cents per gallon fee imposed under the "Fuel Ethanol, Biodiesel, and Renewable Diesel Grant" provisions of the Agriculture Code had been paid.

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.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** JOB, WK, SD, CT