

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

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

**April 26, 2007**

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

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

**IN RE: SB936** by Van de Putte (Relating to motor fuel tax credits for certain metropolitan rapid transit authorities providing public school transportation services to a school district.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB936, As Introduced: a negative impact of (\$28,000) through the biennium ending August 31, 2009, if the effective date of the bill is June 1, 2007; or a negative impact of (\$24,000) through the biennium ending August 31, 2009, if the effective date of the bill is October 1, 2007.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

The table below reflects an effective date of July 1, 2007.

**All Funds, Six-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
2007	(\$2,000)	(\$6,000)
2008	(\$13,000)	(\$39,000)
2009	(\$13,000)	(\$40,000)
2010	(\$14,000)	(\$41,000)
2011	(\$14,000)	(\$42,000)
2012	(\$14,000)	(\$43,000)

The table below reflects an effective date of October 1, 2007.

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	(\$11,000)	(\$33,000)
2009	(\$13,000)	(\$40,000)
2010	(\$14,000)	(\$41,000)
2011	(\$14,000)	(\$42,000)
2012	(\$14,000)	(\$43,000)

**Fiscal Analysis**

The bill would amend Chapter 162 of the Tax Code to provide an exemption from the state motor fuels tax for certain metropolitan rapid transit authorities providing specified public school transportation services to a school district.

Currently, the motor fuel used by metropolitan rapid transit authorities, operating under Chapter 451 of the Transportation Code to provide public school transportation services to a school district under Section 34.008 of the Education Code, is subject to the state motor fuel tax. The bill would provide an exemption from the state motor fuel tax for motor fuel used by these transit authorities to provide the specified transportation services. The exemption would apply to the gasoline tax, the diesel fuel tax, and the liquefied gas tax.

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

### **Methodology**

This estimate is based upon information provided by the Comptroller's office and presumes that state tax exempted motor fuel would only be used on buses operated by metropolitan transit authorities on dedicated routes and carrying only public school students.

Under current law, motor fuel used by metropolitan rapid transit authorities to provide public school transportation service is taxed at the rate of \$0.20 per gallon for diesel fuel and gasoline, and at the rate of \$0.15 per gallon for liquefied gas.

The Texas Education Agency provided a listing of school districts that use metropolitan rapid transit authorities to provide public school transportation services under Section 34.008. These school districts were queried regarding the amount of metropolitan rapid transit authority vehicle mileage driven to provide the specified transportation service. Based on these data, the average amount of fuel used by metropolitan rapid transit authorities to provide these specified transportation services was calculated; and the appropriate tax rate was applied to estimate the potential annual revenue loss. Texas public school average daily attendance growth projections, from the Legislative Budget Board, were used to trend the revenue loss 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**

Local units of government could annually save fuel tax expenses ranging from \$8,000 to \$67,000.

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

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