

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

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

**April 11, 2007**

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

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

**IN RE: SB1057** by Hegar (Relating to the exemption of volunteer fire departments from certain motor fuel taxes.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB1057, As Introduced: a negative impact of (\$1,353,000) 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:**

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

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Revenue Gain/(Loss) from AVAILABLE SCHOOL FUND 2</b>	<b>Probable Revenue Gain/(Loss) from STATE HIGHWAY FUND 6</b>
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 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.

Under current law, gasoline and diesel fuel used by a volunteer fire department are each taxed at the rate of \$0.20 per gallon.

The Comptroller estimate 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

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