

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 27, 2009

TO: Honorable Rene Oliveira, Chair, House Committee on Ways & Means

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

IN RE: HB2578 by Keffer (Relating to the deferral by a licensed distributor or importer of payment of gasoline and diesel fuel taxes and information required on a tax return relating to credits authorized for certain of those deferrals.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would amend Chapter 162 of the Tax Code, regarding credits taken for motor fuel taxes, on both the gasoline tax and the diesel fuel tax.

Under current law, a motor fuel tax supplier or permissive supplier who collects money on certain past due accounts is required to apply the amounts collected ratably between motor fuel, including the tax, and other goods that had been sold to the purchaser, if the supplier or permissive supplier had taken an accelerated bad debt credit, and had taken a credit for taxes that were not remitted to the supplier or permissive supplier in a previous period. The bill would repeal the requirement that amounts collected must be applied ratably between motor fuel, including the tax, and other goods that had been sold to the purchaser.

The bill would require that in order to take a credit for such unpaid taxes a supplier or permissive supplier must notify the Comptroller of the bad debt within 15 days of the default. Current law gives the supplier or permissive supplier 60 days to notify the Comptroller.

The bill would require that a distributor or importer who caused a supplier or permissive supplier to claim the tax credit must be prohibited from making tax deferred purchases for one year. Under current law, the distributor or importer must be allowed to make tax deferred purchases as soon as the Comptroller notifies the supplier or permissive supplier that the distributor or importer is in good standing with the Comptroller for the purposes of the state gasoline or diesel fuel taxes.

The bill would have no significant fiscal impact because the one year prohibition on tax deferred fuel purchases feature and the required speed up of the Comptroller notification from 60 to 15 days would prevent any significant tax revenue loss from occurring due to the repeal of the provision regarding the ratable application of amounts collected.

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, 2009.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, MN, SD, KK