

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 19, 2009

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

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

IN RE: HB2716 by Bolton (Relating to exempting certain entities providing emergency services from motor fuel taxes.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2716, As Introduced: a negative impact of (\$1,544,000) through the biennium ending August 31, 2011, if the effective date of the bill is July 1, 2009; or a negative impact of (\$1,403,000) through the biennium ending August 31, 2011, if the effective date of the bill is September 1, 2009.

All Funds, Six-Year Impact:

Fiscal Year	Probable Revenue (Loss) from <i>Available School Fund</i> 2	Probable Revenue (Loss) from <i>State Highway Fund</i> 6
2009	(\$83,000)	(\$249,000)
2010	(\$729,000)	(\$2,188,000)
2011	(\$732,000)	(\$2,195,000)
2012	(\$734,000)	(\$2,203,000)
2013	(\$737,000)	(\$2,210,000)
2014	(\$739,000)	(\$2,218,000)

The above table assumes an effective date of July 1, 2009. The table below assumes an effective date of September 1, 2009.

Fiscal Year	Probable Revenue (Loss) from <i>Available School Fund</i> 2	Probable Revenue (Loss) from <i>State Highway Fund</i> 6
2010	(\$671,000)	(\$2,012,000)
2011	(\$732,000)	(\$2,195,000)
2012	(\$734,000)	(\$2,203,000)
2013	(\$737,000)	(\$2,210,000)
2014	(\$739,000)	(\$2,218,000)

Fiscal Analysis

The bill would amend several sections of Chapter 162 of the Tax Code, regarding motor fuel taxes, to exempt volunteer fire departments and emergency services districts from the 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 or an emergency services district in this state for its exclusive use. The bill would allow an eligible volunteer fire department or emergency services district that had paid the motor fuel tax on the purchase of gasoline or diesel fuel to file a claim with the Comptroller's Office for a refund of the tax.

This bill would take effect on July 1, 2009, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2009.

Methodology

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

The volunteer fire department portion of this estimate is based on a survey of motor fuel distributors selling gasoline and diesel fuel to Texas volunteer fire departments, and a survey by the Texas Forest Service regarding the number of volunteer fire departments in Texas and their vehicle miles traveled. The emergency services district portion of this estimate is based on information and a database from the Office of Rural Community Affairs regarding emergency services districts, their operations and budgets, as well a survey of emergency services districts. Based on survey data and database information, an estimate of the average annual amount of motor fuel used by Texas volunteer fire departments and emergency services districts was made, and the \$0.20 per gallon motor fuel tax rate was applied to estimate the potential annual revenue losses. The revenue losses were trended forward over the five-year projection period. The first year's revenue losses were adjusted to allow for the statutory lag in motor fuel tax remittances.

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