

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

February 26, 2009

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

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

**IN RE: SB254** by Estes (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 SB254, As Introduced: a negative impact of (\$1,473,000) through the biennium ending August 31, 2011, if the effective date of the bill is July 1, 2009; or a negative impact of (\$1,355,000) 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 Available School Fund 2	Probable Revenue (Loss) from State Highway Fund 6
2009	(\$59,000)	(\$176,000)
2010	(\$706,000)	(\$2,228,000)
2011	(\$708,000)	(\$2,122,000)
2012	(\$710,000)	(\$2,130,000)
2013	(\$713,000)	(\$2,138,000)
2014	(\$715,000)	(\$2,145,000)

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 Available School Fund 2	Probable Revenue (Loss) from State Highway Fund 6
2010	(\$647,000)	(\$1,941,000)
2011	(\$708,000)	(\$2,122,000)
2012	(\$710,000)	(\$2,130,000)
2013	(\$713,000)	(\$2,138,000)
2014	(\$715,000)	(\$2,145,000)

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 in this state for its exclusive use. The bill would allow an eligible volunteer fire department, 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.

The 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**

This estimate is based upon analysis provide 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.

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. Based on the survey data, an estimate of the average annual amount of motor fuel used by Texas volunteer fire departments 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 fiscal implication to units of local government is anticipated.

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

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