

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 15, 2009

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

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

IN RE: SB645 by Hegar (Relating to the production and taxation of renewable diesel fuel.), **As Introduced**

Depending upon the amount of diesel fuel used by motor vehicles, there could be an indeterminate amount of revenue loss to the state.

The bill would amend the Tax Code Code to exempt renewable diesel from the diesel fuel tax.

The bill would amend the Agriculture Code to include renewable diesel in the Fuel Ethanol and Biodiesel Production Incentive Program.

The Comptroller of Public Accounts indicates that the effect of the motor fuel tax exemption for renewable diesel cannot be estimated, because it is not possible to forecast how many gallons, if any, of the fuel would be used to propel motor vehicles on public roads.

The Department of Agriculture indicates that any costs associated with the bill could be absorbed within the agency's existing resources.

The bill would take effect immediately if it receives a vote of two-thirds of all members elected to each house; otherwise it would take effect September 1, 2009.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 551 Department of Agriculture

LBB Staff: JOB, MN, SD, KK, ZS, AH