

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 12, 2009

TO: Honorable David Dewhurst, Lieutenant Governor, Senate

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

IN RE: SB1495 by Williams (Relating to the taxation of motor fuels; providing penalties.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1495, As Passed 2nd House: a negative impact of (\$5,526,000) through the biennium ending August 31, 2011.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2010	(\$2,598,000)
2011	(\$2,928,000)
2012	(\$3,019,000)
2013	(\$3,119,000)
2014	(\$3,212,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from Available School Fund 2	Probable Revenue (Loss) from State Highway Fund 6	Probable Savings from Counties
2010	(\$2,598,000)	(\$7,796,000)	\$2,705,000
2011	(\$2,928,000)	(\$8,786,000)	\$3,049,000
2012	(\$3,019,000)	(\$9,058,000)	\$3,144,000
2013	(\$3,119,000)	(\$9,356,000)	\$3,247,000
2014	(\$3,212,000)	(\$9,637,000)	\$3,344,000

Fiscal Analysis

The bill would amend various sections of the Tax, Transportation, and Water Codes to clarify administrative issues relating to motor fuels taxes collected by the Comptroller. The bill would also amend sections of the Tax and Criminal Procedures Code regarding prosecutorial issues relating to the motor fuels tax.

The bill would amend Chapter 162 of the Tax Code, regarding the motor fuel taxes, to exempt the volume of fuel ethanol derived from cellulosic biomass and blended with gasoline from the tax on gasoline.

The bill would exempt from the motor fuels tax diesel fuel sold to a county for the county's exclusive use. The bill would also allow a license holder to take a credit for tax paid on diesel fuel subsequently sold to a county for the county's exclusive use.

The bill would allow a license holder to take a credit for the tax they paid on diesel fuel, if that fuel was used by auxiliary power units or power take-off equipment on a motor vehicle. A person who is not a license holder may file a refund claim for the tax paid on diesel fuel used in the same equipment.

The bill would take effect September 1, 2009.

Methodology

The sections of the bill dealing with administrative issues related to the motor fuels tax would have no significant fiscal impact to the state.

Information provided by the State Energy Conservation Office of the Comptroller's Office indicates that although the cellulosic technology to create cellulosic ethanol would be available today, scientists must continue to work through technical hurdles before it could be marketed at competitive prices. The general consensus was that cellulosic ethanol technology would be commercialized within 5 to 10 years. Therefore, there would be no significant fiscal impact to the state in this biennium, but there could be an indeterminate loss of motor fuels tax revenue in the future.

Estimates of the amount of diesel fuel sold to counties for their exclusive use were provided by the Comptroller. Revenue losses to the Available School Fund and the State Highway Fund were then forecast using these estimates. The Comptroller also provided an estimate of the loss to the ASF and the SHF resulting from providing credits or refunds of the diesel fuel tax paid on fuel used by auxiliary power units or power take-off equipment on a motor vehicle.

Local Government Impact

Counties would experience a significant savings through their exemption from the diesel fuel tax.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, SD, KK