

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 5, 2009

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

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

IN RE: SB1782 by Hinojosa (Relating to information required to be included on a supplier and permissive supplier's return.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1782, As Introduced: a negative impact of (\$195,000) 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	(\$97,000)
2011	(\$98,000)
2012	(\$99,000)
2013	(\$100,000)
2014	(\$101,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from <i>Available School Fund</i> 2	Probable Revenue (Loss) from <i>State Highway Fund</i> 6
2010	(\$97,000)	(\$292,000)
2011	(\$98,000)	(\$295,000)
2012	(\$99,000)	(\$297,000)
2013	(\$100,000)	(\$300,000)
2014	(\$101,000)	(\$302,000)

Fiscal Analysis

This bill would repeal two sections of Chapter 162 of the Tax Code relating to information required on certain motor fuel taxpayer's returns.

The bill would repeal the section in both the gasoline tax (162.116(d)) and diesel fuel tax (116.217(d)) subchapters dealing with how payments on certain past due debts would be reported by licensed suppliers.

Under current law when a supplier receives payment on a past due account, where an accelerated bad debt deduction had been claimed, the payment must be applied ratably between motor fuel and other goods sold to the customer and the credit that was allowed on the motor fuels tax.

Under the changes that would be made by the bill, the supplier could apply payments received on the same past due account first to the debt owed for product sold without being required to make a pro rata application of the payment received to the credit that was allowed on the motor fuels tax. After 100 percent of the product debt had been paid, then and only then would the supplier be required to apply payments received against the credit that was allowed on the motor fuels tax.

This 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.

Methodology

Data were extracted from Comptroller tax refund records and files for motor fuel taxes and the new provisions of the bill were applied to the data to arrive at the projected loss in revenue. An allowance was made for potential new tax evasion problems that could arise because of the provisions of the bill.

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