

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 3, 2011

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

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

IN RE: SJR23 by Wentworth (Proposing a constitutional amendment increasing the rates of taxes imposed on gasoline and diesel fuel, adjusting those rates annually for inflation, and dedicating certain revenue from those taxes to the design, construction, and maintenance of public roadways.), **As Introduced**

The fiscal impact to the state from the provisions of the resolution cannot be determined; however, as an illustrative example and assuming that the tax rate in Section 2 (a blank space in the proposed amendment) were 20 cents per gallon, the effect of indexing the tax rate to inflation could produce a gain to State Highway Fund (Fund 6) of approximately \$70 million in fiscal year 2013.

The cost to the state for publication of the resolution is \$105,495.

The resolution would propose an amendment to Article VIII of the Texas Constitution, to amend Section 7-a and add new Section 7-c, to allow motor fuel tax rates on gasoline and diesel fuel to be changed and adjusted periodically, and to dedicate certain revenue from those taxes to the design, construction, and maintenance of public roadways.

The proposed amendment would allow the Legislature by general law to raise or lower the rates of the taxes or modify or repeal the taxes on gasoline and diesel fuel authorized by Chapter 162, Tax Code. The proposed amendment would require the Comptroller to annually revise the tax rates on gasoline and diesel fuel by applying the annual percent change in the consumer price index for all urban consumers to existing tax rates.

The fiscal impact to the state from the provisions of the resolution cannot be determined; however, as an illustrative example and assuming that the tax rate in Section 2 (a blank space in the proposed amendment) were 20 cents per gallon, the effect of indexing the tax rate to inflation could produce a gain to State Highway Fund (Fund 6) of approximately \$70 million in fiscal year 2013.

The proposed amendment would be submitted to voters at an election to be held November 8, 2011. If adopted, any changes in taxes rates would apply to taxes imposed on or after January 1, 2012. The cost to the state for publication of the resolution is \$105,495 in fiscal year 2012.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, KK, SD, AG