

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION**

**April 29, 2013**

**TO:** Honorable Harvey Hilderbran, Chair, House Committee on Ways & Means

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE:** **HB311** by Guillen (relating to the exemption of certain transit districts from motor fuel taxes.), **Committee Report 1st House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB311, Committee Report 1st House, Substituted: a negative impact of (\$962,000) through the biennium ending August 31, 2015, if the effective date of the bill is July 1, 2013; or a negative impact of (\$889,000) through the biennium ending August 31, 2015, if the effective date of the bill is September 1, 2013.

**All Funds, Six-Year Impact:**

Fiscal Year	Probable Revenue Gain/(Loss) from <i>Available School Fund</i> <b>2</b>	Probable Revenue Gain/(Loss) from <i>State Highway Fund</i> <b>6</b>
2013	(\$35,000)	(\$107,000)
2014	(\$451,000)	(\$1,353,000)
2015	(\$476,000)	(\$1,428,000)
2016	(\$502,000)	(\$1,506,000)
2017	(\$532,000)	(\$1,597,000)
2018	(\$564,000)	(\$1,692,000)

The table above shows the fiscal implications assuming an effective date of July 1, 2013. The table below shows fiscal implications assuming an effective date of September 1, 2013.

Fiscal Year	Probable Revenue Gain/(Loss) from <i>Available School Fund</i> <b>2</b>	Probable Revenue Gain/(Loss) from <i>State Highway Fund</i> <b>6</b>
2014	(\$413,000)	(\$1,240,000)
2015	(\$476,000)	(\$1,428,000)
2016	(\$502,000)	(\$1,506,000)
2017	(\$532,000)	(\$1,597,000)
2018	(\$564,000)	(\$1,692,000)

## **Fiscal Analysis**

The bill would amend Chapter 162 of the Tax Code, regarding motor fuel taxes.

The bill would exempt all transit districts created under Chapter 458 of the Transportation Code from the motor fuel taxes imposed under Subchapters B (gasoline), C (diesel fuel), and D (liquefied gas) of the Tax Code. The exemption would include rural transit districts and urban transit districts. The bill would provide a tax exemption for all three of the motor fuels sold to a transit district using the fuels exclusively to provide public transportation.

The bill would allow a licensed supplier or distributor to take a credit on a return if they paid tax on the purchase of gasoline or diesel fuel subsequently resold to a transit district without collecting the tax, and a transit district could file a refund claim with the Comptroller if they paid tax on a fuel purchase.

The bill would take effect immediately upon receiving two-thirds majority vote in each house. Otherwise, the bill would take effect September 1, 2013.

## **Methodology**

Under current law, gasoline and diesel fuel are each taxed at the rate of \$0.20 per gallon, and liquefied gas is taxed at the rate of \$0.15 per gallon. The bill would exempt transit districts from paying these taxes.

This estimate is based on annual reports submitted to the Public Transportation Division of the Texas Department of Transportation by Texas transit districts for their annual operating expenditures, including motor fuels, from 2008 through 2012. Annual average prices for these fuels published by the U.S. Energy Information Administration were used to estimate the average gallonage of motor fuel used by Texas transit districts and applicable fuel tax rates were applied to estimate the potential annual revenue losses which 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**

Transit Districts could anticipate a revenue gain from the bill's provisions.

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

**LBB Staff:** UP, KK, SD, AG