

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 14, 2013

TO: Honorable Tommy Williams, Chair, Senate Committee on Finance

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2148 by Hilderbran (Relating to the motor fuel tax on compressed natural gas and liquefied natural gas; providing penalties; imposing a tax.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2148, As Engrossed: a negative impact of (\$141,000) through the biennium ending August 31, 2015.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2014	(\$70,000)
2015	(\$71,000)
2016	(\$71,000)
2017	(\$71,000)
2018	(\$72,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from Available School Fund 2	Probable Revenue Gain/(Loss) from State Highway Fund 6
2014	(\$70,000)	(\$211,000)
2015	(\$71,000)	(\$212,000)
2016	(\$71,000)	(\$213,000)
2017	(\$71,000)	(\$214,000)
2018	(\$72,000)	(\$215,000)

Fiscal Analysis

The bill would amend Chapter 162 of the Tax Code, regarding motor fuel taxes, to add new Subchapter D-1 to change the way in which tax is paid and collected on both compressed natural gas (CNG) and liquefied natural gas (LNG) used as a motor fuel in motor vehicles.

Under current law the tax is paid annually via a Liquefied Gas Tax decal which must be displayed on the windshield of the motor vehicle. The Liquefied Gas Tax decal, for both CNG and LNG, is based on a tax rate of 15 cents per gallon. The bill would leave the tax rate on both CNG and LNG unchanged at 15 cents per gallon, but would impose the tax upon the delivery of CNG or LNG into the fuel supply tank of a motor vehicle. The tax collected would be remitted monthly to the Comptroller by each licensed CNG and LNG dealer.

The bill would provide an exception to the new subchapter for certain public transportation providers using CNG or LNG, who could instead choose to pay the liquefied gas tax under the existing provisions of Subchapter D, Chapter 162, Tax Code.

The current tax exemptions allowed for CNG and LNG would be unchanged in the new subchapter.

The bill would take effect September 1, 2013.

Methodology

When allowing taxpayers to make a choice among different tax liability calculation methods and tax rate combinations, the taxpayer will choose the option that provides the lowest tax liability. A calculation was made for the projected loss in tax revenue due to the availability of a choice in the manner of taxation, a projected loss estimated to affect predominately smaller users other than public transportation providers.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD, AG