

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 30, 2013

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB1648 by Williams (Relating to the motor fuel tax on compressed natural gas and liquefied natural gas; providing penalties.), **As Introduced**

<p>No significant fiscal implication to the State is anticipated.</p>
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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 of Public Accounts (CPA) by each licensed CNG and LNG dealer. The current tax exemptions allowed for CNG and LNG would be unchanged in the new subchapter.

The bill would have no significant fiscal impact to the extent the same number of gallons of CNG and LNG would be taxed at the same 15 cent per gallon tax rate as under current law. According to CPA, the fiscal impact of fees, penalties, or discounts cannot be determined but would not be significant.

CPA estimates there would be a minimal cost associated with implementing the provisions of the bill.

The bill would take effect July 1, 2013, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2013.

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