

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

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

**May 8, 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.), **Committee Report 1st House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB1648, Committee Report 1st House, Substituted: 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:**

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

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

| <b>Fiscal Year</b> | <b>Probable Revenue Gain/(Loss) from Available School Fund</b> | <b>Probable Revenue Gain/(Loss) from State Highway Fund</b> |
|--------------------|--|---|
|                    | <b>2</b>   | <b>6</b>  |
| 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 D-1 in that certain public transportation providers using CNG or LNG could 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 from these fuels due to the selection option for public transportation providers and the tax that would be remitted by other previous tax decal holders who would now pay under the new tax calculation methods in 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:** UP, KK, SD, AG