

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

March 5, 2015

TO: Honorable Dennis Bonnen, Chair, House Committee on Ways & Means

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB501 by Guillen (Relating to the exemption of rural transit districts from motor fuel taxes.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB501, As Introduced: a negative impact of (\$518,000) through the biennium ending August 31, 2017, if the effective date of the bill is July 1, 2015; or a negative impact of (\$478,000) through the biennium ending August 31, 2017, if the effective date of the bill is September 1, 2015.

All Funds, Six-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>Available School Fund</i> 2	Probable Savings/(Cost) from <i>State Highway Fund</i> 6
2015	(\$20,000)	(\$61,000)
2016	(\$247,000)	(\$742,000)
2017	(\$251,000)	(\$753,000)
2018	(\$254,000)	(\$762,000)
2019	(\$258,000)	(\$774,000)
2020	(\$262,000)	(\$786,000)

The table above shows the fiscal implications assuming an effective date of July 1, 2015. The table below shows fiscal implications assuming an effective date of September 1, 2015.

Fiscal Year	Probable Revenue Gain/(Loss) from <i>Available School Fund</i> 2	Probable Revenue Gain/(Loss) from <i>State Highway Fund</i> 6
2016	(\$227,000)	(\$681,000)
2017	(\$251,000)	(\$753,000)
2018	(\$254,000)	(\$762,000)
2019	(\$258,000)	(\$774,000)
2020	(\$262,000)	(\$786,000)

Fiscal Analysis

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

The bill would exempt Rural Transit Districts (RTD) created under Chapter 458 of the Transportation Code from the motor fuel taxes imposed under Subchapters B (gasoline), C (diesel fuel), D (liquefied gas), and D-1 (compressed natural gas and liquefied natural gas) of the Tax Code. The bill would provide a tax exemption for all four of these motor fuels sold to an RTD 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 an RTD without collecting the tax, and an RTD 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, it would take effect September 1, 2015.

Methodology

Under current law, gasoline and diesel fuel are each taxed at the rate of \$0.20 per gallon, while liquefied gas, compressed natural gas and liquefied natural gas are taxed at the rate of \$0.15 per gallon. The bill would exempt RTDs 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 RTDs for their annual operating expenditures, including motor fuels, from 2010 through 2014. 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 RTDs 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

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

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, AG, KK, SD