

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 13, 2015

TO: Honorable Jane Nelson, Chair, Senate Committee on Finance

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2731 by Bonnen, Greg (Relating to the exemption of nonprofit ambulance companies from motor fuel taxes.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2731, As Engrossed: a negative impact of (\$193,000) through the biennium ending August 31, 2017, if the effective date of the bill is July 1, 2015; or a negative impact of (\$177,000) 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 Revenue Gain/(Loss) from <i>State Highway Fund</i> 6
2015	(\$8,000)	(\$23,000)
2016	(\$92,000)	(\$276,000)
2017	(\$93,000)	(\$279,000)
2018	(\$94,000)	(\$283,000)
2019	(\$96,000)	(\$287,000)
2020	(\$97,000)	(\$292,000)

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	(\$84,000)	(\$253,000)
2017	(\$93,000)	(\$279,000)
2018	(\$94,000)	(\$283,000)
2019	(\$96,000)	(\$287,000)
2020	(\$97,000)	(\$292,000)

Fiscal Analysis

The bill would amend Chapter 162 of the Tax Code, regarding motor fuel taxes, to exempt certain

nonprofit emergency medical service (EMS) entities from the taxes imposed under Subchapters B (gasoline), C (diesel fuel), D (liquefied gas), and D-1 (compressed natural gas and liquefied natural gas).

The bill would provide a tax exemption for each of the four motor fuels listed above when sold to a nonprofit entity that is organized for the sole purpose of and engages exclusively in providing emergency medical services and uses the motor fuel exclusively to provide emergency medical services, including rescue and ambulance services. The bill would allow an eligible nonprofit EMS entity that paid a tax on these motor fuels, except liquefied gas, to file a claim with the Comptroller for a refund of the tax.

The bill would take effect immediately upon receiving two-thirds majority vote in each house. Otherwise, it would take effect September 1, 2015.

Methodology

Gasoline and diesel fuel are taxed at the rate of \$0.20 per gallon, and compressed natural gas and liquefied natural gas are taxed at the rate of \$0.15 per gallon. Liquefied gas motor fuel use requires the purchase of an annual liquefied gas decal.

This estimate is based on data from the American Ambulance Association, the Texas Ambulance Association, and the Texas Department of State Health Services. The applicable motor fuel tax rate was applied to the estimated number of gallons to be exempted each year to arrive at an annual revenue loss. The annual revenue loss was trended forward over the five-year projection period. The first year's revenue loss was adjusted to allow for the statutory lag in motor fuel tax remittances.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD, AG