

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 7, 2015

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB3468** by Parker (relating to the exemption of certain entities that operate ambulances from certain motor fuel taxes.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3468, Committee Report 1st House, Substituted: a negative impact of (\$1,054,000) through the biennium ending August 31, 2017.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2016	(\$501,000)
2017	(\$553,000)
2018	(\$560,000)
2019	(\$569,000)
2020	(\$578,000)

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
2016	(\$501,000)	(\$1,502,000)
2017	(\$553,000)	(\$1,660,000)
2018	(\$560,000)	(\$1,681,000)
2019	(\$569,000)	(\$1,707,000)
2020	(\$578,000)	(\$1,734,000)

Fiscal Analysis

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

The bill would exempt certain ambulances from the motor fuel taxes imposed under Subchapters B (gasoline) and C (diesel fuel). Gasoline and diesel fuel would be exempt if the fuel was sold to an entity that uses the fuel exclusively for an ambulance licensed under Chapter 773, Health and Safety Code, and the entity has an agreement with a local governmental entity to provide

emergency ambulance services.

The bill would allow a licensed supplier or distributor to take a credit on a return if it paid tax on the purchase of gasoline or diesel fuel subsequently resold to an exempted ambulance providing entity without collecting the tax, and an exempted ambulance providing entity could file a refund claim with the Comptroller if it paid tax on a fuel purchase.

The bill would take effect September 1, 2015.

Methodology

Under current law, gasoline and diesel fuel are taxed at the rate of \$0.20 per gallon. The bill would exempt the specified ambulance providing entities from paying this tax.

This estimate is based on data from the American Ambulance Association, the Texas Ambulance Association, and the Texas Department of State Health Services. The gallons of gasoline and diesel fuel that would be exempted per year were subjected to their motor fuel tax rate 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 significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD, AG