

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

March 15, 2017

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB1332 by Parker (Relating to the exemption of certain entities that operate ambulances from certain motor fuel taxes.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1332, As Introduced: a negative impact of (\$1,669,000) through the biennium ending August 31, 2019.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2018	(\$791,000)
2019	(\$878,000)
2020	(\$892,000)
2021	(\$906,000)
2022	(\$920,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from <i>Available School Fund</i> 2	Probable Revenue (Loss) from <i>State Highway Fund</i> 6
2018	(\$791,000)	(\$2,374,000)
2019	(\$878,000)	(\$2,634,000)
2020	(\$892,000)	(\$2,677,000)
2021	(\$906,000)	(\$2,719,000)
2022	(\$920,000)	(\$2,760,000)

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 operated by a person licensed under Chapter 773, Health and Safety Code, and the person has an agreement with a local governmental entity to provide emergency ambulance services.

The bill would allow a license holder, including but not limited to a licensed supplier or distributor, to take a credit on a return if the license holder paid tax on the purchase of gasoline or diesel fuel and subsequently resold the fuel to an exempted ambulance-providing entity without collecting the tax. 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, 2017.

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 estimated gallons of gasoline and diesel fuel exempted per year were multiplied by the motor fuel tax rate to yield an annual revenue loss. The annual revenue loss was extrapolated 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