

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

March 31, 2017

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB1120 by Zaffirini (Relating to the prohibition of local motor fuel taxes on compressed natural gas and liquefied natural gas.), **As Introduced**

<p>No fiscal implication to the State is anticipated.</p>
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The bill would amend Chapter 162, of the Tax Code, regarding the prohibition of other motor fuel taxes.

Under current law, Section 162.014 stipulates that the motor fuel taxes imposed in this chapter are in lieu of any other excise or occupation tax imposed by a political subdivision on the sale, use, or distribution of gasoline, diesel fuel, or liquefied gas. The bill would add the motor fuel taxes on compressed natural gas (CNG) and liquefied natural gas (LNG) to the list of prohibited other motor fuel taxes.

The motor fuel taxes on CNG and LNG became effective September 1, 2013. Prior to that date, in statute those fuels were components of the liquefied gas tax. The bill would return CNG and LNG to the limitations imposed in Section 162.014.

The bill would take effect immediately upon enactment, assuming it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2017.

Local Government Impact

The bill would prohibit units of local government from imposing a motor fuel tax on CNG or LNG.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD