

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

May 1, 2019

TO: Honorable Dustin Burrows, Chair, House Committee on Ways & Means

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
 Legislative Budget Board

IN RE: HB4756 by Lopez (Relating to authorizing the increase or decrease of the rates of the gasoline and diesel fuel taxes based on the cost of certain highway projects.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB4756, As Introduced: a positive impact of \$32,755,000 through the biennium ending August 31, 2021.

General Revenue-Related Funds, Five-Year Impact:

| Fiscal Year | Probable Net Positive/(Negative) Impact to General Revenue Related Funds |
|-------------|---|
| 2020 | \$9,040,000 |
| 2021 | \$23,715,000 |
| 2022 | \$39,600,000 |
| 2023 | \$56,192,000 |
| 2024 | \$73,642,000 |

All Funds, Five-Year Impact:

| Fiscal Year | Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> 1 | Probable Revenue Gain/(Loss) from <i>Available School Fund</i> 2 | Probable Revenue Gain/(Loss) from <i>State Highway Fund</i> 6 |
|-------------|--|---|--|
| 2020 | \$611,000 | \$8,429,000 | \$25,286,000 |
| 2021 | \$1,599,000 | \$22,116,000 | \$66,347,000 |
| 2022 | \$2,667,000 | \$36,933,000 | \$110,800,000 |
| 2023 | \$3,779,000 | \$52,413,000 | \$157,237,000 |
| 2024 | \$4,948,000 | \$68,694,000 | \$206,082,000 |

Fiscal Analysis

The bill would amend Chapter 162, Tax Code to provide for annual increase or decrease of the rates of the gasoline and diesel fuel taxes based on the annual percentage change in the highway cost index.

The tax rates would be adjusted on January 1 of each year, based on the percentage increase or decrease in the 12-month moving average of the price of materials and labor incorporated into state highway projects, as compiled by the Texas Department of Transportation (TxDOT) for the preceding state fiscal year.

The bill would take effect on September 1, 2019.

Methodology

The Highway Cost Index published by TxDOT exhibits both increases and decreases in the index in recent years, but a moderate upward trend is indicated. The compound annual growth rate in the index from the base year 2012 through 2018 is approximately 1.9 percent, with a lower growth rate over the most recent four years.

The estimates for this fiscal note assume a year-to-year change, and a long term average annual growth rate, of 1.5 percent.

A weighted average of the estimated tax rates by calendar year was applied to the 2020-21 Biennial Revenue Estimate forecast of motor fuels taxes by fiscal year to determine the estimated revenue implications.

The table above shows the allocation of motor fuel tax revenues as inscribed in Chapter 162, Tax Code.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: WP, SD