

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 17, 2019

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

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

IN RE: SB1781 by Zaffirini (Relating to the repeal of the motor fuel taxes on compressed natural gas and liquefied natural gas and the exemption from sales and use taxes of natural gas used as a motor fuel.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1781, As Introduced: a negative impact of (\$3,256,000) 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	(\$1,510,000)
2021	(\$1,746,000)
2022	(\$1,855,000)
2023	(\$1,968,000)
2024	(\$2,088,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>General Revenue Fund, allocation for enforcement and administration of Motor Fuel Taxes</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	(\$59,000)	(\$1,451,000)	(\$4,352,000)
2021	(\$68,000)	(\$1,678,000)	(\$5,035,000)
2022	(\$73,000)	(\$1,782,000)	(\$5,346,000)
2023	(\$77,000)	(\$1,891,000)	(\$5,672,000)
2024	(\$82,000)	(\$2,006,000)	(\$6,019,000)

Fiscal Analysis

The bill would amend the Tax Code relating to the repeal of motor fuel taxes on compressed

natural gas and liquefied natural gas; the exemption from sales and use tax of natural gas as a motor fuel.

The bill would amend Section 151.317, Tax Code, by adding subsection (f) which states that natural gas delivered into the fuel supply tank of a motor vehicle is exempted from sales and use taxes.

The bill would amend various sections of Chapter 162, Tax Code, by removing language pertaining to use, sale, distribution, and taxation of compressed natural gas and liquefied natural gas.

The bill would make conforming changes to the Tax Code. The bill would not affect any tax liabilities and offenses committed prior to the effective date of this bill.

Methodology

Under current law, compressed natural gas and liquefied natural gas are not subject to sales and use taxes based on Section 151.308 (a) (2), Tax Code. This would have no fiscal impact.

However, compressed natural gas and liquefied natural gas are currently taxed at a rate of \$0.15 per gallon equivalent. The bill would repeal motor fuel taxes on these gases. Fiscal impacts shown are based on the 2020-21 Biennial Revenue Estimate. Note that revenues collected in August 2019 would be allocated in September 2019, reducing the fiscal 2020 impact.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

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