LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

March 28, 2021

TO: Honorable Morgan Meyer, Chair, House Committee on Ways & Means

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **HB1294** by Guillen (relating to an exemption from motor fuel taxes for certain fuel used by a rural transit district to provide public transportation.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1294, Committee Report 1st House, Substituted : a negative impact of ($41,000) through the biennium ending August 31, 2023.

General Revenue-Related Funds, Five- Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2022	($14,000)
2023	($27,000)
2024	($38,000)
2025	($43,000)
2026	($43,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from General Revenue Fund 1	Probable Revenue (Loss) from Available School Fund 2	Probable Revenue (Loss) from State Highway Fund 6
2022	($1,000)	($13,000)	($39,000)
2023	($1,000)	($26,000)	($79,000)
2024	($1,000)	($37,000)	($110,000)
2025	($2,000)	($41,000)	($122,000)
2026	($2,000)	($41,000)	($124,000)

Fiscal Analysis

The bill would amend several sections of Chapter 162, Tax Code, to provide for exemption of rural transit districts from payment of motor fuel taxes.

The bill would amend Section 162.104 (a) to exempt rural transit districts from the payment of gasoline taxes for fuel used exclusively to provide public transportation. The bill would amend Section 162.204 (a) and Section 162.356 (a) to exempt rural transit districts from the payment of taxes on diesel fuel and compressed or liquefied natural gas. The exemption from payment motor fuel taxes would take effect on January 1, 2024.

The bill would add Section 162.1276, to provide for rural transit districts to file a refund claim with the comptroller's office for the payment of taxes on gasoline used to provide public transportation. The refund claim must contain information regarding vehicle mileage, hours of service provided, and fuel consumed. The

amount of the refund is equal to 1) 50 percent of the amount of tax paid for gasoline qualifies for a refund if the fuel is consumed between January 1, 2022 and December 31, 2022; and, 2) 75 percent of the amount of tax paid for gasoline qualifies for a refund if the fuel is consumed between January 1, 2023 and December 31, 2023. Thereafter, 100 percent of the amount of tax paid for gasoline qualifies for a refund. This bill would add Sections 162.2276 and 162.3685 to provide comparable provisions for refunds to rural transit districts of taxes paid on diesel fuel and compressed or liquefied natural gas.

The bill would take effect January 1, 2022.

Methodology

Under current statute, several public entities receive an exemption from the payment of motor fuel taxes. This bill would add rural transit districts to the list of entities that are exempted from the payment of such taxes and are entitled to file refund claims on the taxes paid for motor fuel that is exclusively used in their operations.

Based on information from the Texas A&M University Transportation Institute's Transit Mobility Program, 36 transit districts would be exempted from motor fuels taxes by the bill.

National data on fuel consumed by public transit authorities per unlinked passenger trip was multiplied by the number of unlinked passenger trips for each of the 36 rural transit districts to estimate the volume of fuel that would be exempted from tax. The result was multiplied by the $0.20 tax per gallon of fuel and extrapolated to 2020 and subsequent years with the historical and forecast rates of growth of the motor fuels tax revenues.

The forecasted values consider the refund percentages allowed in calendar years 2022 and 2023.

Local Government Impact

The bill would decrease the amount of motor fuel taxes paid by rural transit districts.

Source Agencies: 304 Comptroller of Public Accounts
LBB Staff: JMc, KK, SD