

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION**

**May 17, 2021**

**TO:** Honorable Charles Perry, Chair, Senate Committee on Water, Agriculture & Rural Affairs

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB4296** by Burns (Relating to the use of dyed diesel fuel to operate a motor vehicle during and for a limited period following certain disasters.), **As Engrossed**

**No significant fiscal implication to the State is anticipated.**

The bill would amend Section 162.235, Tax Code to provide for use of dyed diesel fuel for the operation of a motor vehicle on a public highway in a disaster area.

The bill would add Section 162.235(c) to provide that, notwithstanding Section 152.235(a), a person who purchases dyed motor fuel and provides to the licensed supplier or distributor a signed statement that contains an end user number issued by the comptroller may operate a motor vehicle on a public highway with that dyed motor fuel during a period and in an area as provided by the section.

A pertinent disaster declaration would be one declared by the governor under Section 418.014, Government Code due to a fire, flood, earthquake, tornado, hurricane, storm, or energy emergency.

The period of lawful use of dyed fuel provided under the section would begin with the date of the disaster declaration and end on the 30th day after the declaration expires or is terminated, and would pertain to a motor vehicle operated in the designated disaster area or in an area other than the disaster area if the dyed motor fuel was placed in the fuel supply tank of the motor vehicle in the designated disaster area.

The use of dyed diesel fuel in a disaster area would be allowed by the bill notwithstanding the Section 162.235(a) prohibition of the use of dyed fuel for the operation of a motor vehicle on a public highway. The bill does not exempt such use from tax.

Dyed diesel fuel is normally untaxed fuel purchased for nontaxable off-road uses. Current Tax Code Section 162.203(a)(2) imposes backup tax on a person who operates a motor vehicle on a public highway using diesel fuel on which tax has not been paid. Added Section 162.235(c) does not provide for exemption of use in a disaster area from the backup tax. Consequently, the bill would have no significant fiscal implications.

The bill would take effect September 1, 2021.

**Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 452 Dept of License & Reg, 455 Railroad Commission, 575 TX Division of Emergency Management, 582 Commission on Environmental Quality, 608 Department of Motor Vehicles

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