

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

March 19, 2023

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB2763 by Guillen (Relating to an exemption from motor fuel taxes for certain fuel used by a rural transit district to provide public transportation.), As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for HB2763, As Introduced : a negative impact of (\$24,000) through the biennium ending August 31, 2025.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to <i>General Revenue Related Funds</i>
2024	(\$7,000)
2025	(\$17,000)
2026	(\$23,000)
2027	(\$25,000)
2028	(\$26,000)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Revenue (Loss) from <i>General Revenue Fund</i>	Probable Revenue (Loss) from <i>Available School Fund</i>	Probable Revenue (Loss) from <i>State Highway Fund</i>
	1	2	6
2024	\$0	(\$7,000)	(\$21,000)
2025	(\$1,000)	(\$16,000)	(\$48,000)
2026	(\$1,000)	(\$22,000)	(\$67,000)
2027	(\$1,000)	(\$24,000)	(\$73,000)
2028	(\$1,000)	(\$25,000)	(\$74,000)

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 used to provide public transportation.

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 used to provide public transportation.

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 subject to the following conditions:

1. If the fuel is purchased between January 1, 2024, and January 1, 2025, 50 percent of the amount paid is refundable;
2. If the fuel is purchased between January 1, 2025, and January 1, 2026, 75 percent of the amount paid is refundable; and,
3. These provisions expire on September 1, 2026.

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 used to provide public transportation.

This bill does not affect tax liabilities incurred prior to the effective date of this bill.

The bill would take effect January 1, 2024. Bill provisions regarding partial refunds of tax paid would be effective January 1, 2024. A tax exemption for motor fuels used by these entities in providing public transportation would be effective January 1, 2026.

Methodology

Under current statute, a number of 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 provides that such districts are entitled to file refund claims on the taxes paid for motor fuel that is exclusively used to provide public transportation. Based on information from Texas Department of Transportation's 2021 Texas Transit Statistics, 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; adjusted for partial refunds on purchases made in 2024 and 2025, and full exemption from tax in subsequent years; and extrapolated to 2028 with the historical and forecast rates of population growth in the counties served by rural transit districts.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JMc, KK, SD