

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

May 14, 2023

TO: Honorable Joan Huffman, Chair, Senate Committee on Finance

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB3599 by Thierry (Relating to an exemption from certain motor fuel taxes for, and registration fees for motor vehicles owned by, certain nonprofit food banks.), As Engrossed

Estimated Two-year Net Impact to General Revenue Related Funds for HB3599, As Engrossed : a negative impact of (\$159,000) 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	(\$79,000)
2025	(\$80,000)
2026	(\$81,000)
2027	(\$81,000)
2028	(\$82,000)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Revenue (Loss) from <i>Available School Fund</i>	Probable Revenue (Loss) from <i>State Highway Fund</i>
	2	6
2024	(\$79,000)	(\$366,000)
2025	(\$80,000)	(\$370,000)
2026	(\$81,000)	(\$375,000)
2027	(\$81,000)	(\$379,000)
2028	(\$82,000)	(\$383,000)

Fiscal Analysis

The bill would amend several sections of Chapter 162, Tax Code, and Chapter 502, Transportation Code, to provide nonprofit food banks with an exemption from payment of motor fuel taxes and motor vehicle registration fees.

The bill would amend Section 162.001, Tax Code, adding Subdivision (45-a) which defines a nonprofit food bank as a nonprofit entity that solicits, stores, and redistributes edible food to agencies that feed needs families and individuals.

The bill would amend Section 162.104(a), Tax Code, adding Subdivision (10) which exempts nonprofit food banks from payment of gasoline taxes when gasoline is delivered into the fuel supply tank of a nonprofit food bank-owned vehicle (which is at least 25,000 points in gross vehicle weight and is used to deliver food); or, delivered to a storage facility from which gasoline will be delivered into the fuel supply-tank of the nonprofit

food bank-owned vehicle previously mentioned. A similar change would be made to Section 162.204(a) for the purpose of exempting nonprofit food banks from payment of diesel fuel taxes.

The bill would amend Subchapter B, Tax Code (relating to Gasoline Tax), adding Section 162.1276 which entitles a nonprofit food bank to file a claim with the comptroller for a refund on the amount of taxes paid for gasoline that is delivered into the fuel supply tank of a nonprofit food bank-owned motor vehicle. Similar changes would be made to Subchapter C, Tax Code (relating to Diesel Fuel Tax), adding Section 162.2276 for the purpose of entitling a nonprofit food bank to file a refund for purchased diesel fuel.

The bill would amend Section 162.125(a), Tax Code (relating to Refund or Credit for Certain Taxes Paid), adding Subdivision (6) allowing a license holder to take a credit on a return if the license holder paid tax on the purchase of gasoline and subsequently resells the gasoline without collecting the tax to a nonprofit food bank. A similar amendment, Section 162.227(a)(6) would be made for refund or credit pertaining to diesel fuel.

The bill would amend Chapter 502, Transportation Code (relating to registrations) adding Section 502.458 exempting nonprofit food bank-owned vehicles used for delivering food from payment of vehicle registration fees.

This bill does not affect any liabilities that have accrued or registrations that have been submitted before the effective date of this act. Similarly, Section 502.458, Transportation Code, would apply only to applications for registration submitted on or after the effective date of the Act.

The bill would take effect September 1, 2023.

### **Methodology**

The bill would provide an exemption from the payment of motor fuel taxes and from the payment of vehicle registration fees for nonprofit food bank owned and operated motor vehicles that have gross vehicle weights of at least 25,000 pounds and are used in the delivery of food.

Using data obtained from the Houston Food Bank on the number of vehicles, vehicle registration fees, and motor fuel taxes paid by the 21 food banks across Texas that are affiliated with the organization Feeding Texas, per vehicle estimates of state vehicle registration fees and motor fuel taxes were derived. The per vehicle estimate of state vehicle registration fees was cross-checked with Texas Department of Motor Vehicle weight-based registration fees corresponding to the minimum gross vehicle weight provided in the bill (25,000 lbs). Estimated per vehicle motor fuel taxes paid was divided by the motor fuel tax per gallon to determine the number of gallons consumed in a year. This was then multiplied by the miles per gallon traveled by a vehicle with a gross vehicle weight of 25,000 lbs. The resulting value is within reasonable limits of the average annual miles driven per driver in Texas.

The resultant per vehicle values were multiplied by the number of nonprofit food bank vehicles to arrive at annual exemption estimates for state vehicle registrations and motor fuel taxes. These annual estimates were forecasted for 2024 to 2028 using the annual population change in Texas from the December 2022 Biennial Revenue Estimate economic forecast.

### **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