LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

April 21, 2025

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **SB771** by Hinojosa, Juan "Chuy" (Relating to a credit or refund for diesel fuel taxes paid on diesel fuel used in this state by auxiliary power units or power take-off equipment.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB771, As Introduced: a negative impact of ($5,230,000) through the biennium ending August 31, 2027.

General Revenue-Related Funds, Five- Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to *General Revenue Related Funds*
2026	($2,473,000)
2027	($2,757,000)
2028	($2,817,000)
2029	($2,876,000)
2030	($2,933,000)

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
2026	($207,000)	($2,266,000)	($6,798,000)
2027	($231,000)	($2,526,000)	($7,579,000)
2028	($236,000)	($2,581,000)	($7,744,000)
2029	($241,000)	($2,635,000)	($7,905,000)
2030	($245,000)	($2,688,000)	($8,063,000)

Fiscal Analysis

The bill would allow a credit or refund of diesel fuel tax paid on diesel fuel used for auxiliary power units or power take-off equipment on any motor vehicle.

The bill would take effect September 1, 2025.

Methodology

The bill would reinstate the auxiliary power unit and power take-off deduction, previously allowed under former Chapter 153, Texas Tax Code. The bill would allow a diesel fuel tax license holder to take a credit and permit a person who does not hold a diesel fuel tax license to file a refund claim, for the amount of diesel fuel tax paid on diesel fuel used by an auxiliary power unit or power take-off equipment on any motor vehicle.

According to the Comptroller, the estimates were distributed by fund in accordance with the statutory allocation of diesel tax revenue. The estimate for fiscal 2026 was adjusted for the statutory lag in motor fuel tax remittances.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

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