

(The House considered SB 254 by Estes, the Senate companion bill, in lieu of HB 387, the House version of the bill, which had been set on the daily calendar and was analyzed by the House Research Organization. The bill subsequently was enacted as SB 254.)

HOUSE
RESEARCH

ORGANIZATION bill analysis

5/13/2009

HB 387
Peña, et al.

SUBJECT: Exempting volunteer fire departments from certain motor-fuel taxes

COMMITTEE: Ways and Means — favorable, without amendment

VOTE: 9 ayes — Oliveira, Bohac, Hartnett, Hilderbran, P. King, Paxton, Peña, Taylor, Villarreal

0 nays

2 absent — Otto, C. Howard

WITNESSES: For — Shawn Snider, Edinburg Fire Department and State Firemen's and Fire Marshals' Association; (*Registered, but did not testify*: Chris Barron, State Firemen's and Fire Marshals' Association; John Carlton, Texas State Association of Fire and Emergency Districts; Ken Hodges, Texas Farm Bureau; Howard Katz, Harris County Emergency Services District 9; Jason Skaggs, Texas and Southwestern Cattle Raisers Association; Monty Wynn, Texas Municipal League)

Against — None

DIGEST: HB 387 would make gasoline and diesel fuel sold to a Texas volunteer fire department for the department's exclusive use exempt from motor fuels taxes.

HB 387 also would allow a fire department exempt from fuel taxes that had paid tax on gasoline and diesel to file for a refund of the tax paid. The volunteer fire department would be allowed to file a refund claim with the comptroller for that amount.

The bill would take effect July 1, 2009, if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2009.

SUPPORTERS SAY: HB 387 would exempt volunteer fire departments from certain gasoline and diesel fuel taxes. While these departments provide protection against

fire to large parts of the state, their ability to protect lives and property is hampered by the strain that the cost of fuel places on their already tight budgets. Volunteer fire departments represent more than 70 percent of all firefighters in the state and these agencies are funded by government contracts, fund raisers, and funds from the volunteers themselves.

Exempting them from these motor fuels taxes would provide significant relief, as even savings of a few hundred dollars a year could mean the difference between purchasing or delaying necessary equipment. While the cost of this relief would be minimal to the state, the amount of relief to firefighters would be substantial. This tax relief is appropriate, as the protection of life and property that volunteer firefighters provide is one of the most basic and necessary functions of government.

**OPPONENTS
SAY:**

HB 387 would cost the State Highway Fund 6 \$4.5 million and the Available School Fund \$1.5 million in fiscal 2010-11. The state's highway fund already is drastically underfunded, and the state is scrambling to fund adequately mobility projects around the state. The state cannot afford to cut revenue as it prepares for what is expected to be a tight budget next session.

NOTES:

The companion bill, SB 254 by Estes, passed the Senate by 31-0 on April 16 and was reported favorably, without amendment, by the House Ways and Means Committee on May 4, making it eligible to be considered in lieu of HB 387.