

- SUBJECT:** Exempting EMS nonprofits from motor fuel taxes
- COMMITTEE:** Ways and Means — favorable, without amendment
- VOTE:** 10 ayes — D. Bonnen, Y. Davis, Bohac, Button, Darby, Martinez Fischer, Murphy, Springer, C. Turner, Wray
- 0 nays
- 1 absent — Parker
- WITNESSES:** For — Lucille Maes, Angleton Area Emergency Medical Corps, Inc.; Fred Ortiz, Lake Jackson Emergency Medical Services; (*Registered, but did not testify*: Michael Weaver, Church group; Angela Smith, Fredericksburg Tea Party; Butch Oberhoff, Texas EMS Alliance; Dudley Wait, Texas EMS Alliance; Courtney DeBower, Texas EMS, Trauma and Acute Care Foundation; Matt Long; Sandy Ward)
- Against — None
- On — (*Registered, but did not testify*: David Reed, Comptroller of Public Accounts)
- BACKGROUND:** Tax Code, ch. 162 governs motor fuel taxes, including taxes on gasoline, diesel, liquefied petroleum gas, and compressed natural gas. In addition to specifying how these taxes are to be collected, it also provides several exemptions to these taxes, including those for public schools, public transportation agencies, and transportation contractors serving public schools.
- DIGEST:** HB 2731 would amend the Tax Code to exempt nonprofit entities that exclusively provide emergency medical services (EMS) from fuel taxes on fuel used in the nonprofits' operations.

Gasoline and diesel. The bill would exempt EMS nonprofits from taxes on gasoline and diesel used in emergency operations. It would allow EMS

nonprofits to receive refunds for any gasoline or diesel taxes paid.

Liquefied petroleum gas. The bill would exempt EMS nonprofits from taxes on liquefied petroleum gas used in emergency operations. It also would not require vehicles used by EMS nonprofits in their emergency operations to bear either a liquefied gas tax decal or a special-use liquefied gas tax decal.

Compressed natural gas and liquefied natural gas. The bill would exempt EMS nonprofits from taxes on compressed natural gas or liquefied natural gas used in emergency operations. It would allow EMS non-profits to receive refunds for any taxes paid on compressed natural gas or liquefied natural gas.

This bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2015, and would not affect tax liability accruing before that date.

**SUPPORTERS
SAY:**

HB 2731 would save non-profit emergency medical services (EMS) companies significant money by exempting them from fuel taxes. Nonprofit ambulance companies typically serve small cities or rural areas where municipal governments cannot afford to operate ambulance services themselves. These nonprofits provide an important public service, often with volunteer labor, and the money saved under the bill would benefit the public served by these companies.

Although government-run ambulance services do not have to pay gasoline and other fuel taxes, nonprofit ambulance services are required to pay them, which is unfair. The costs of the bill would be modest, but an exemption could make a large difference for EMS nonprofits' budgets, which would contain more money to provide emergency services in their communities.

**OPPONENTS
SAY:**

Although EMS nonprofits provide an important service to their communities, HB 2731 would cost the state money at a time when Texas

has several priorities that require funding, including transportation and public education. Fuel taxes help fund the State Highway Fund and, to a lesser extent, the Available School Fund. Tax money supporting these purposes is important and should not be exempted to provide tax breaks for EMS nonprofits.

NOTES:

The Legislative Budget Board estimates HB 2731 would have a cost of \$177,000 to general revenue for the biennium ending August 31, 2017 if the bill went into effect September 1, 2015. If the bill went into effect immediately, the cost would be \$193,000.