

BILL ANALYSIS

C.S.H.B. 3086
By: Darby
Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The diesel fuel tax is imposed at the terminal rack. Current law provides multiple exemptions from this tax, including the portion or volume of water, fuel ethanol, renewable diesel, biodiesel, or mixtures thereof blended with taxable diesel that meets certain labeling and other requirements. According to some fuel retailers, the taxation labeling and reporting requirements needed to maintain this exemption are burdensome and create additional costs. C.S.H.B. 3086 seeks to address this concern by granting greater flexibility regarding the payment of taxes on blended taxable diesel fuel.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 3086 amends the Tax Code to authorize a supplier or permissive supplier of diesel fuel to elect to collect and remit the diesel fuel tax on the volume of water, fuel ethanol, renewable diesel, biodiesel, or mixtures thereof that are blended together with taxable diesel fuel that is otherwise exempt from the diesel fuel tax when the finished product sold or used is appropriately labeled, as if the materials were taxable diesel fuel. The bill exempts from the labeling requirements that must be met for such materials to be exempt from the tax a dealer who sells taxable diesel fuel blended with such materials on which tax has been paid as provided by the bill's provisions. The bill establishes that those materials on which tax has been paid as provided by the bill's provisions are not exempt from tax on a subsequent sale and that a license holder or other purchaser is not entitled to a refund or credit for a purchase of taxable diesel fuel blended with those materials.

EFFECTIVE DATE

September 1, 2013.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 3086 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and highlighted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Section 162.204, Tax Code, is amended by adding Subsection (g) as follows:

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Section 162.204, Tax Code, is amended by adding Subsection (g) to read as follows:

83R 25688

13.117.329

Substitute Document Number: 83R 18838

(g) In lieu of the exemption and labeling requirements provided by Subsection (a)(9), an entity to whom 162.201 applies may elect to collect and remit the tax otherwise imposed under and in accordance with this chapter on the products described by Subsection (a)(9). The labeling requirements provided by Subsection (a)(9) do not apply to a dealer that has purchased products to which this subsection applies. Diesel on which tax is paid under this subsection is taxable and no entitlement to refund or exemption is otherwise established.

(g) In lieu of claiming the exemption and complying with the labeling requirements provided by Subsection (a)(9), a person to whom Section 162.201 applies may elect to collect and remit the tax otherwise imposed under this subchapter on the materials described by Subsection (a)(9) as if the materials were taxable diesel fuel. The labeling requirements provided by Subsection (a)(9) do not apply to a dealer who sells taxable diesel fuel blended with materials described by Subsection (a)(9) on which tax has been paid as provided by this subsection. Materials described by Subsection (a)(9) on which tax has been paid as provided by this subsection are not exempt from tax under Subsection (a)(9) on a subsequent sale, and a license holder or other purchaser is not entitled to a refund or credit under Subsection (a)(9) for a purchase of taxable diesel fuel blended with those materials.

SECTION 2. The change in law made by this Act does not affect tax liability accruing before the effective date of this Act. That liability continues in effect as if this Act had not been enacted, and the former law is continued in effect for the collection of taxes due and for civil and criminal enforcement of the liability for those taxes.

SECTION 2. Same as introduced version.

SECTION 3. This Act takes effect September 1, 2013.

SECTION 3. Same as introduced version.