

## **BILL ANALYSIS**

Senate Research Center

S.B. 603  
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Finance  
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Enrolled

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Texas law requires persons wishing to purchase tax-free dyed diesel fuel to complete an application for a Texas End User Signed Statement for Purchasing Tax-Free Dyed Diesel Fuel. The application must be submitted to the Office of the Comptroller of Public Accounts (comptroller). After the signed statement is approved by the comptroller, the applicant is assigned an end user number that is used in conjunction with the purchase of tax-free dyed diesel fuel.

The comptroller publishes an online list of persons and companies who have been issued an end user number so that distributors of dyed diesel fuel can verify that each purchaser of tax-free fuel is entitled to make such purchases.

Persons using an end user number to purchase tax-free dyed diesel fuel may only use the fuel for off-road, tax-exempt purposes and may not purchase more than 10,000 gallons per month. These restrictions are designed to limit opportunities for fuel tax evasion.

It has been reported that some businesses that have been issued an end user number have refused to remit payment to the fuel distributor from whom they purchased the tax-free dyed diesel fuel. After defaulting, the same purchaser has refused to remit payment to other fuel distributors from whom they subsequently received fuel.

Persons who have obtained authorization from the comptroller to purchase tax-free fuels should not be permitted to utilize that authorization to acquire tax-free fuels without remitting payment for the fuel.

S.B. 603 provides that following a default, distributors who obtain a final judgment with no possibility of further appeal against a prior customer should be able to provide a copy of the judgment, which must be submitted by electronic means, to the comptroller to suspend the end user number of the purchaser. Suspending the end user number will ensure that purchasers do not abuse their tax-free status.

S.B. 603 amends current law relating to the revocation and reinstatement of an end user number for purposes of purchasing dyed diesel fuel.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 162.206, Tax Code, by adding Subsections (l) and (m), as follows:

- (l) Requires the comptroller of public accounts of the State of Texas (comptroller), on receipt of notice transmitted by an electronic means of a final judgment entered by a court against a purchaser of dyed diesel fuel for failure to pay an amount owed to a licensed supplier or distributor for the purchase of dyed diesel fuel, to revoke the end user

number issued to the purchaser. Requires the comptroller to provide the notice described by Subsection (e)(2) (relating to tax-free purchases of dyed diesel fuel) to the licensed supplier or the distributor if the purchaser's end user number is revoked.

(m) Authorizes the comptroller to reinstate an end user number that is revoked under Subsection (l) on receipt of proof transmitted by an electronic means and satisfactory to the comptroller that the purchase whose end user number was revoked has satisfied the judgment described by Subsection (l), including all costs and other amounts awarded in the judgment.

SECTION 2. Provides that the change in law made by this Act applies to the revocation of an end user number of a purchaser of dyed diesel fuel against whom a judgment described by Section 162.206(l), Tax Code, as added by this Act, is entered, regardless of whether the judgment was entered before, on, or after the effective date of this Act.

SECTION 3. Effective date: September 1, 2013.