

BILL ANALYSIS

S.B. 603
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Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

An entity wishing to purchase tax-free dyed diesel fuel currently must complete an application for a certain end user signed statement for such purchase. The business then must submit the application to the comptroller of public accounts. 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 entities that have been issued an end user number so that distributors of dyed diesel fuel can verify that each purchaser is entitled to do so.

Interested parties report that some entities 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 and that, after defaulting, the same entities have refused to remit payment to other fuel distributors from whom they subsequently received fuel. The parties contend that entities who have obtained authorization from the comptroller to purchase tax-free fuels should not be permitted to use that authorization without remitting payment. S.B. 603 seeks to address this issue to ensure that certain dyed diesel fuel purchasers do not abuse their tax-free status.

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

S.B. 603 amends the Tax Code to require the comptroller of public accounts to revoke the end user number issued to a purchaser of dyed diesel fuel on receipt of notice transmitted by an electronic means of a final judgment entered by a court against the purchaser for failure to pay an amount owed to a licensed supplier or distributor for the purchase of dyed diesel fuel. The bill requires the comptroller to provide the written notice that the purchaser may no longer make tax-free purchases of dyed diesel fuel to the licensed supplier or distributor if the purchaser's end user number is revoked. The bill authorizes the comptroller to reinstate an end user number that is so revoked on receipt of proof transmitted by an electronic means and satisfactory to the comptroller that the purchaser whose end user number was revoked has satisfied the final judgment entered by the court, including all costs and other amounts awarded in that judgment. The bill's provisions apply to the revocation of an end user number of a purchaser of dyed diesel fuel against whom a court enters such a final judgment, regardless of whether the judgment was entered before, on, or after the bill's effective date.

EFFECTIVE DATE

September 1, 2013.