

By: Guillen

H.B. No. 501

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the exemption of rural transit districts from motor  
3 fuel taxes.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 162.104(a), Tax Code, is amended to read  
6 as follows:

7 (a) The tax imposed by this subchapter does not apply to  
8 gasoline:

9 (1) sold to the United States for its exclusive use,  
10 provided that the exemption does not apply with respect to fuel sold  
11 or delivered to a person operating under a contract with the United  
12 States;

13 (2) sold to a public school district in this state for  
14 the district's exclusive use;

15 (3) sold to a commercial transportation company or a  
16 metropolitan rapid transit authority operating under Chapter 451,  
17 Transportation Code, that provides public school transportation  
18 services to a school district under Section 34.008, Education Code,  
19 and that uses the gasoline only to provide those services;

20 (4) exported by either a licensed supplier or a  
21 licensed exporter from this state to any other state, provided  
22 that:

23 (A) for gasoline in a situation described by  
24 Subsection (d), the bill of lading indicates the destination state

1 and the supplier collects the destination state tax; or

2 (B) for gasoline in a situation described by  
3 Subsection (e), the bill of lading indicates the destination state,  
4 the gasoline is subsequently exported, and the exporter is licensed  
5 in the destination state to pay that state's tax and has an  
6 exporter's license issued under this subchapter;

7 (5) moved by truck or railcar between licensed  
8 suppliers or licensed permissive suppliers and in which the  
9 gasoline removed from the first terminal comes to rest in the second  
10 terminal, provided that the removal from the second terminal rack  
11 is subject to the tax imposed by this subchapter;

12 (6) delivered or sold into a storage facility of a  
13 licensed aviation fuel dealer from which gasoline will be delivered  
14 solely into the fuel supply tanks of aircraft or aircraft servicing  
15 equipment, or sold from one licensed aviation fuel dealer to  
16 another licensed aviation fuel dealer who will deliver the aviation  
17 fuel exclusively into the fuel supply tanks of aircraft or aircraft  
18 servicing equipment;

19 (7) exported to a foreign country if the bill of lading  
20 indicates the foreign destination and the fuel is actually exported  
21 to the foreign country; ~~or~~

22 (8) sold to a volunteer fire department in this state  
23 for the department's exclusive use; or

24 (9) sold to a rural transit district created under  
25 Chapter 458, Transportation Code, that uses the gasoline  
26 exclusively to provide public transportation.

27 SECTION 2. Sections 162.125(a) and (g), Tax Code, are

1 amended to read as follows:

2 (a) A license holder may take a credit on a return for the  
3 period in which the sale occurred if the license holder paid tax on  
4 the purchase of gasoline and subsequently resells the gasoline  
5 without collecting the tax to:

6 (1) the United States government for its exclusive  
7 use, provided that a credit is not allowed for gasoline used by a  
8 person operating under contract with the United States;

9 (2) a public school district in this state for the  
10 district's exclusive use;

11 (3) an exporter licensed under this subchapter if the  
12 seller is a licensed supplier or distributor and the exporter  
13 subsequently exports the gasoline to another state;

14 (4) a licensed aviation fuel dealer if the seller is a  
15 licensed distributor; ~~or~~

16 (5) a commercial transportation company or a  
17 metropolitan rapid transit authority operating under Chapter 451,  
18 Transportation Code, that provides public school transportation  
19 services to a school district under Section 34.008, Education Code,  
20 and that uses the gasoline exclusively to provide those services;  
21 or

22 (6) a rural transit district created under Chapter  
23 458, Transportation Code, that uses the gasoline exclusively to  
24 provide public transportation.

25 (g) A transit company that paid tax on the purchase of  
26 gasoline, and is not otherwise entitled to a refund of that tax  
27 under this subchapter, may seek a refund with the comptroller in an

1 amount equal to one cent per gallon for gasoline used in transit  
2 vehicles.

3 SECTION 3. Subchapter B, Chapter 162, Tax Code, is amended  
4 by adding Section 162.1276 to read as follows:

5 Sec. 162.1276. REFUND FOR CERTAIN RURAL TRANSIT DISTRICTS.

6 (a) A rural transit district created under Chapter 458,  
7 Transportation Code, is entitled to a refund of taxes paid under  
8 this subchapter for gasoline used to provide public transportation  
9 and may file a refund claim with the comptroller for the amount of  
10 those taxes.

11 (b) The refund claim under Subsection (a) must contain  
12 information regarding:

- 13 (1) vehicle mileage;  
14 (2) hours of service provided; and  
15 (3) fuel consumed.

16 (c) A rural transit district that requests a refund under  
17 this section shall maintain all supporting documentation relating  
18 to the refund until the sixth anniversary of the date of the  
19 request.

20 SECTION 4. Section 162.204(a), Tax Code, is amended to read  
21 as follows:

22 (a) The tax imposed by this subchapter does not apply to:

23 (1) diesel fuel sold to the United States for its  
24 exclusive use, provided that the exemption does not apply to diesel  
25 fuel sold or delivered to a person operating under a contract with  
26 the United States;

27 (2) diesel fuel sold to a public school district in

1 this state for the district's exclusive use;

2 (3) diesel fuel sold to a commercial transportation  
3 company or a metropolitan rapid transit authority operating under  
4 Chapter 451, Transportation Code, that provides public school  
5 transportation services to a school district under Section 34.008,  
6 Education Code, and that uses the diesel fuel only to provide those  
7 services;

8 (4) diesel fuel exported by either a licensed supplier  
9 or a licensed exporter from this state to any other state, provided  
10 that:

11 (A) for diesel fuel in a situation described by  
12 Subsection (d), the bill of lading indicates the destination state  
13 and the supplier collects the destination state tax; or

14 (B) for diesel fuel in a situation described by  
15 Subsection (e), the bill of lading indicates the destination state,  
16 the diesel fuel is subsequently exported, and the exporter is  
17 licensed in the destination state to pay that state's tax and has an  
18 exporter's license issued under this subchapter;

19 (5) diesel fuel moved by truck or railcar between  
20 licensed suppliers or licensed permissive suppliers and in which  
21 the diesel fuel removed from the first terminal comes to rest in the  
22 second terminal, provided that the removal from the second terminal  
23 rack is subject to the tax imposed by this subchapter;

24 (6) diesel fuel delivered or sold into a storage  
25 facility of a licensed aviation fuel dealer from which the diesel  
26 fuel will be delivered solely into the fuel supply tanks of aircraft  
27 or aircraft servicing equipment, or sold from one licensed aviation

1 fuel dealer to another licensed aviation fuel dealer who will  
2 deliver the diesel fuel exclusively into the fuel supply tanks of  
3 aircraft or aircraft servicing equipment;

4 (7) diesel fuel exported to a foreign country if the  
5 bill of lading indicates the foreign destination and the fuel is  
6 actually exported to the foreign country;

7 (8) dyed diesel fuel sold or delivered by a supplier to  
8 another supplier and dyed diesel fuel sold or delivered by a  
9 supplier or distributor into the bulk storage facility of a dyed  
10 diesel fuel bonded user or to a purchaser who provides a signed  
11 statement as provided by Section [162.206](#);

12 (9) the volume of water, fuel ethanol, renewable  
13 diesel, biodiesel, or mixtures thereof that are blended together  
14 with taxable diesel fuel when the finished product sold or used is  
15 clearly identified on the retail pump, storage tank, and sales  
16 invoice as a combination of diesel fuel and water, fuel ethanol,  
17 renewable diesel, biodiesel, or mixtures thereof;

18 (10) dyed diesel fuel sold by a supplier or permissive  
19 supplier to a distributor, or by a distributor to another  
20 distributor;

21 (11) dyed diesel fuel delivered by a license holder  
22 into the fuel supply tanks of railway engines, motorboats, or  
23 refrigeration units or other stationary equipment powered by a  
24 separate motor from a separate fuel supply tank;

25 (12) dyed kerosene when delivered by a supplier,  
26 distributor, or importer into a storage facility at a retail  
27 business from which all deliveries are exclusively for heating,

1 cooking, lighting, or similar nonhighway use;

2 (13) diesel fuel used by a person, other than a  
3 political subdivision, who owns, controls, operates, or manages a  
4 commercial motor vehicle as defined by Section 548.001,  
5 Transportation Code, if the fuel:

6 (A) is delivered exclusively into the fuel supply  
7 tank of the commercial motor vehicle; and

8 (B) is used exclusively to transport passengers  
9 for compensation or hire between points in this state on a fixed  
10 route or schedule; ~~or~~

11 (14) diesel fuel sold to a volunteer fire department  
12 in this state for the department's exclusive use; or

13 (15) diesel fuel sold to a rural transit district  
14 created under Chapter 458, Transportation Code, that uses the  
15 diesel fuel exclusively to provide public transportation.

16 SECTION 5. Sections 162.227(a) and (f), Tax Code, are  
17 amended to read as follows:

18 (a) A license holder may take a credit on a return for the  
19 period in which the sale occurred if the license holder paid tax on  
20 the purchase of diesel fuel and subsequently resells the diesel  
21 fuel without collecting the tax to:

22 (1) the United States government for its exclusive  
23 use, provided that a credit is not allowed for gasoline used by a  
24 person operating under a contract with the United States;

25 (2) a public school district in this state for the  
26 district's exclusive use;

27 (3) an exporter licensed under this subchapter if the

1 seller is a licensed supplier or distributor and the exporter  
2 subsequently exports the diesel fuel to another state;

3 (4) a licensed aviation fuel dealer if the seller is a  
4 licensed distributor; ~~[or]~~

5 (5) a commercial transportation company or a  
6 metropolitan rapid transit authority operating under Chapter 451,  
7 Transportation Code, that provides public school transportation  
8 services to a school district under Section 34.008, Education Code,  
9 and that uses the diesel fuel exclusively to provide those  
10 services; or

11 (6) a rural transit district created under Chapter  
12 458, Transportation Code, that uses the diesel fuel exclusively to  
13 provide public transportation.

14 (f) A transit company who paid tax on the purchase of diesel  
15 fuel, and is not otherwise entitled to a refund of that tax under  
16 this subchapter, may seek a refund with the comptroller of one-half  
17 of one cent per gallon for diesel fuel used in transit vehicles.

18 SECTION 6. Subchapter C, Chapter 162, Tax Code, is amended  
19 by adding Section 162.2276 to read as follows:

20 Sec. 162.2276. REFUND FOR CERTAIN RURAL TRANSIT DISTRICTS.

21 (a) A rural transit district created under Chapter 458,  
22 Transportation Code, is entitled to a refund of taxes paid under  
23 this subchapter for diesel fuel used to provide public  
24 transportation and may file a refund claim with the comptroller for  
25 the amount of those taxes.

26 (b) The refund claim under Subsection (a) must contain  
27 information regarding:



- 1           (1) vehicle mileage;
- 2           (2) hours of service provided; and
- 3           (3) fuel consumed.

4           (c) A rural transit district that requests a refund under  
5 this section shall maintain all supporting documentation relating  
6 to the refund until the sixth anniversary of the date of the  
7 request.

8           SECTION 7. Subchapter D, Chapter 162, Tax Code, is amended  
9 by adding Sections 162.3023 and 162.3024 to read as follows:

10           Sec. 162.3023. RURAL TRANSIT DISTRICT EXEMPTION. (a)  
11 Subject to Section 162.3024, the tax imposed by this subchapter  
12 does not apply to the sale of liquefied petroleum gas to a rural  
13 transit district created under Chapter 458, Transportation Code,  
14 that uses the gas exclusively to provide public transportation, or  
15 to the use of liquefied petroleum gas by that district for that  
16 purpose.

17           (b) A motor vehicle that uses liquefied petroleum gas, that  
18 is owned by a rural transit district created under Chapter 458,  
19 Transportation Code, and that is used exclusively to provide public  
20 transportation is not required to have a liquefied gas tax decal or  
21 a special use liquefied gas tax decal.

22           Sec. 162.3024. EXCLUSIVE USE FOR RURAL TRANSIT DISTRICTS.  
23 (a) This section applies to a rural transit district created under  
24 Chapter 458, Transportation Code, that is not required under  
25 Section 162.3023 to have a liquefied gas tax decal or a special use  
26 liquefied gas tax decal for liquefied gas used to provide public  
27 transportation.

1        (b) The rural transit district shall maintain the following  
2 supporting documentation relating to the services provided under  
3 the contract until the sixth anniversary of the date of the services  
4 provided:

- 5            (1) vehicle mileage;  
6            (2) hours of service provided; and  
7            (3) fuel consumed.

8        (c) The comptroller may adopt rules to implement this  
9 section.

10        SECTION 8. Section 162.356, Tax Code, is amended to read as  
11 follows:

12        Sec. 162.356. EXEMPTIONS. The tax imposed by this  
13 subchapter does not apply to compressed natural gas or liquefied  
14 natural gas delivered into the fuel supply tank of:

15            (1) a motor vehicle operated exclusively by the United  
16 States, provided that the exemption does not apply with respect to  
17 fuel delivered into the fuel supply tank of a motor vehicle of a  
18 person operating under a contract with the United States;

19            (2) a motor vehicle operated exclusively by a public  
20 school district in this state;

21            (3) a motor vehicle operated exclusively by a  
22 commercial transportation company or a metropolitan rapid transit  
23 authority operating under Chapter 451, Transportation Code, that  
24 provides public school transportation services to a school district  
25 under Section 34.008, Education Code, and that uses the fuel only to  
26 provide those services;

27            (4) a motor vehicle operated exclusively by a

1 volunteer fire department in this state;

2 (5) a motor vehicle operated exclusively by a county  
3 in this state;

4 (6) a motor vehicle operated exclusively by a  
5 nonprofit electric cooperative corporation organized under Chapter  
6 161, Utilities Code;

7 (7) a motor vehicle operated exclusively by a  
8 nonprofit telephone cooperative corporation organized under  
9 Chapter 162, Utilities Code;

10 (8) a motor vehicle that is not registered for use on  
11 the public highways of this state and that is used exclusively  
12 off-highway; ~~or~~

13 (9) a motor vehicle operated exclusively by a rural  
14 transit district created under Chapter 458, Transportation Code,  
15 that uses the fuel exclusively to provide public transportation; or

16 (10) off-highway equipment, a stationary engine, a  
17 motorboat, an aircraft, equipment used solely for servicing  
18 aircraft and used exclusively off-highway, a locomotive, or any  
19 device other than a motor vehicle operated or intended to be  
20 operated on the public highways.

21 SECTION 9. Subchapter D-1, Chapter 162, Tax Code, is  
22 amended by adding Section 162.3685 to read as follows:

23 Sec. 162.3685. REFUND FOR CERTAIN RURAL TRANSIT DISTRICTS.

24 (a) A rural transit district created under Chapter 458,  
25 Transportation Code, is entitled to a refund of taxes paid under  
26 this subchapter for compressed natural gas or liquefied natural gas  
27 delivered into the fuel supply tank of a motor vehicle used to

1 provide public transportation and may file a refund claim with the  
2 comptroller for the amount of those taxes.

3 (b) The refund claim under Subsection (a) must contain  
4 information regarding:

5 (1) vehicle mileage;

6 (2) hours of service provided; and

7 (3) fuel consumed.

8 (c) A rural transit district that requests a refund under  
9 this section shall maintain all supporting documentation relating  
10 to the refund until the sixth anniversary of the date of the  
11 request.

12 SECTION 10. The change in law made by this Act does not  
13 affect tax liability accruing before the effective date of this  
14 Act. That liability continues in effect as if this Act had not been  
15 enacted, and the former law is continued in effect for the  
16 collection of taxes due and for civil and criminal enforcement of  
17 the liability for those taxes.

18 SECTION 11. This Act takes effect immediately if it  
19 receives a vote of two-thirds of all the members elected to each  
20 house, as provided by Section 39, Article III, Texas Constitution.  
21 If this Act does not receive the vote necessary for immediate  
22 effect, this Act takes effect September 1, 2015.