

SENATE AMENDMENTS

2nd Printing

By: Springer, Fallon

H.B. No. 1905

A BILL TO BE ENTITLED

AN ACT

relating to the repeal of certain alcoholic beverage taxes and the tax on controlled substances.

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

SECTION 1. Section 34.04, Alcoholic Beverage Code, is amended to read as follows:

Sec. 34.04. EXEMPTION FROM TAXES. [~~(a) The taxes imposed by this code shall be paid on all alcoholic beverages on a commercial passenger aircraft departing from an airport in this state, in accordance with rules and regulations prescribed by the commission.~~

~~[(b)] The preparation and service of alcoholic beverages by the holder of an airline beverage permit is exempt from a tax imposed by this code and from the tax imposed by Chapter 151, Tax Code [the Limited Sales, Excise and Use Tax Act]. [An airline beverage service fee of five cents is imposed on each individual serving of an alcoholic beverage served by the permittee inside the state. The fee accrues at the time the container containing an alcoholic beverage is delivered to the passenger. The permittee may absorb the cost of the fee or may collect it from the passenger. The permittee shall remit the fees to the commission each month under a reporting system prescribed by the commission.]~~

SECTION 2. Section 48.04, Alcoholic Beverage Code, is amended to read as follows:

Sec. 48.04. EXEMPTION FROM TAXES. [~~(a) The taxes imposed by~~

1 ~~this code shall be paid on all alcoholic beverages on a commercial~~
2 ~~passenger train departing from a depot in this state in accordance~~
3 ~~with the rules prescribed by the commission.~~

4 ~~[(b)]~~ The preparation and service of alcoholic beverages by
5 the holder of a passenger train beverage permit is exempt from a tax
6 imposed by this chapter and from the tax imposed by Chapter 151, Tax
7 Code ~~[the Limited Sales, Excise, and Use Tax Act (Section 151.001 et~~
8 ~~seq., Tax Code)]~~. ~~[A passenger train service fee of five cents is~~
9 ~~imposed on each individual serving of an alcoholic beverage served~~
10 ~~by the permittee inside the state. The fee accrues at the time the~~
11 ~~container containing an alcoholic beverage is delivered to the~~
12 ~~passenger. The permittee shall remit the fees to the commission~~
13 ~~each month under a reporting system prescribed by the commission.]~~

14 SECTION 3. The following are repealed:

- 15 (1) Section 411.109(c), Government Code;
16 (2) Section 111.021(j), Tax Code; and
17 (3) Chapter 159, Tax Code.

18 SECTION 4. The change in law made by this Act does not
19 affect tax liability accruing before the effective date of this
20 Act. That liability continues in effect as if this Act had not been
21 enacted, and the former law is continued in effect for the
22 collection of taxes due and for civil and criminal enforcement of
23 the liability for those taxes.

24 SECTION 5. This Act takes effect September 1, 2015.

ADOPTED

FLOOR AMENDMENT NO. 1

MAY 26 2015

BY:

L. W. Kelleher

L. W. Kelleher
Secretary of the Senate

1 Amend H.B. 1905 (senate committee printing) by adding the
2 following appropriately numbered SECTIONS to the bill and
3 renumbering subsequent SECTIONS of the bill accordingly:

4 SECTION _____. Sections 162.001(38), (39), and (42), Tax
5 Code, are amended to read as follows:

6 (38) "License holder" means a person licensed by the
7 comptroller under Section 162.105, 162.205, [~~162.304, 162.305,~~
8 ~~162.306,~~] 162.357, or 162.358.

9 (39) "Liquefied gas" means all combustible gases that
10 exist in the gaseous state at 60 degrees Fahrenheit and at a
11 pressure of 14.7 pounds per square inch absolute, but does not
12 include compressed natural gas, liquefied natural gas, gasoline,
13 or diesel fuel. Liquefied gas is considered a special fuel for
14 purposes of Section 151.308.

15 (42) "Motor fuel" means gasoline, diesel fuel,
16 [~~liquefied gas,~~] gasoline blended fuel, compressed natural gas,
17 liquefied natural gas, and other products that are offered for
18 sale, sold, used, or capable of use as fuel for a gasoline-
19 powered engine or a diesel-powered engine.

20 SECTION _____. Section 162.356, Tax Code, is amended to
21 read as follows:

22 Sec. 162.356. EXEMPTIONS. (a) The tax imposed by this
23 subchapter does not apply to compressed natural gas or liquefied
24 natural gas delivered into the fuel supply tank of:

25 (1) a motor vehicle operated exclusively by the
26 United States, provided that the exemption does not apply with
27 respect to fuel delivered into the fuel supply tank of a motor
28 vehicle of a person operating under a contract with the United
29 States;

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

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

9 (4) a motor vehicle operated exclusively by a
10 volunteer fire department in this state;

11 (5) a motor vehicle operated exclusively by a
12 municipality or county in this state;

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

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

19 (8) a motor vehicle that is not registered for use on
20 the public highways of this state and that is used exclusively
21 off-highway; [~~or~~]

22 (9) off-highway equipment, a stationary engine, a
23 motorboat, an aircraft, equipment used solely for servicing
24 aircraft and used exclusively off-highway, a locomotive, or any
25 device other than a motor vehicle operated or intended to be
26 operated on the public highways; or

27 (10) except as provided by Subsection (b), a motor
28 vehicle:

29 (A) used to provide the services of a transit
30 company, including a metropolitan rapid transit authority under
31 Chapter 451, Transportation Code, or a regional transportation

1 authority under Chapter 452, Transportation Code; and

2 (B) operated by a person who on January 1, 2015,
3 paid tax on compressed natural gas or liquefied natural gas as
4 provided by Section 162.312, as that section existed on that
5 date.

6 (b) The exemption provided by Subsection (a)(10) does not
7 apply to compressed natural gas or liquefied natural gas
8 delivered into the fuel supply tank of a motor vehicle from a
9 refueling facility accessible to motor vehicles other than those
10 described by Subsection (a)(10)(A).

11 SECTION _____. Section 162.402(a), Tax Code, is amended to
12 read as follows:

13 (a) A person forfeits to the state a civil penalty of not
14 less than \$25 and not more than \$200 if the person:

15 (1) refuses to stop and permit the inspection and
16 examination of a motor vehicle transporting or using motor fuel
17 on demand of a peace officer or the comptroller;

18 (2) operates a motor vehicle in this state without a
19 valid interstate trucker's license or a trip permit when the
20 person is required to hold one of those licenses or permits;

21 ~~(3) [operates a liquefied gas propelled motor vehicle~~
22 ~~that is required to be licensed in this state, including motor~~
23 ~~vehicles equipped with dual carburetion, and does not display a~~
24 ~~current liquefied gas tax decal or multistate fuels tax~~
25 ~~agreement decal;~~

26 ~~[(4) makes a tax-free sale or delivery of liquefied~~
27 ~~gas into the fuel supply tank of a motor vehicle that does not~~
28 ~~display a current Texas liquefied gas tax decal;~~

29 ~~[(5) makes a taxable sale or delivery of liquefied~~
30 ~~gas without holding a valid dealer's license;~~

31 ~~[(6) makes a tax-free sale or delivery of liquefied~~

1 ~~gas into the fuel supply tank of a motor vehicle bearing out-of-~~
2 ~~state license plates;~~

3 ~~[(7)] makes a delivery of liquefied gas into the fuel~~
4 ~~supply tank of a motor vehicle bearing Texas license plates and~~
5 ~~no Texas liquefied gas tax decal, unless licensed under a~~
6 ~~multistate fuels tax agreement;~~

7 ~~[(8)]~~ transports gasoline or diesel fuel in any cargo
8 tank that has a connection by pipe, tube, valve, or otherwise
9 with the fuel injector or carburetor of, or with the fuel supply
10 tank feeding the fuel injector or carburetor of, the motor
11 vehicle transporting the product;

12 (4) ~~[(9)]~~ sells or delivers gasoline or diesel fuel
13 from any fuel supply tank connected with the fuel injector or
14 carburetor of a motor vehicle;

15 (5) ~~[(10)]~~ owns or operates a motor vehicle for which
16 reports or mileage records are required by this chapter without
17 an operating odometer or other device in good working condition
18 to record accurately the miles traveled;

19 (6) ~~[(11)]~~ furnishes to a licensed supplier or
20 distributor a signed statement for purchasing diesel fuel tax-
21 free and then uses the tax-free diesel fuel to operate a diesel-
22 powered motor vehicle on a public highway;

23 (7) ~~[(12)]~~ fails or refuses to comply with or
24 violates a provision of this chapter;

25 (8) ~~[(13)]~~ fails or refuses to comply with or
26 violates a comptroller's rule for administering or enforcing
27 this chapter;

28 (9) ~~[(14)]~~ is an importer who does not obtain an
29 import verification number when required by this chapter;

30 (10) ~~[(15)]~~ purchases motor fuel for export, on which
31 the tax imposed by this chapter has not been paid, and

1 subsequently diverts or causes the motor fuel to be diverted to
2 a destination in this state or any other state or country other
3 than the originally designated state or country without first
4 obtaining a diversion number;

5 (11) [~~(16)~~] delivers compressed natural gas or
6 liquefied natural gas into the fuel supply tank of a motor
7 vehicle and the person does not hold a valid compressed natural
8 gas and liquefied natural gas dealer's license; or

9 (12) [~~(17)~~] makes a tax-free delivery of compressed
10 natural gas or liquefied natural gas into the fuel supply tank
11 of a motor vehicle, unless the delivery is exempt from tax under
12 Section 162.356.

13 SECTION _____. Section 162.403, Tax Code, is amended to
14 read as follows:

15 Sec. 162.403. CRIMINAL OFFENSES. Except as provided by
16 Section 162.404, a person commits an offense if the person:

17 (1) refuses to stop and permit the inspection and
18 examination of a motor vehicle transporting or using motor fuel
19 on the demand of a peace officer or the comptroller;

20 (2) is required to hold a valid trip permit or
21 interstate trucker's license, but operates a motor vehicle in
22 this state without a valid trip permit or interstate trucker's
23 license;

24 (3) [~~operates a liquefied gas propelled motor vehicle~~
25 ~~that is required to be licensed in this state, including a motor~~
26 ~~vehicle equipped with dual carburetion, and does not display a~~
27 ~~current liquefied gas tax decal or multistate fuels tax~~
28 ~~agreement decal;~~

29 [~~(4)~~] transports gasoline or diesel fuel in any cargo
30 tank that has a connection by pipe, tube, valve, or otherwise
31 with the fuel injector or carburetor or with the fuel supply

1 tank feeding the fuel injector or carburetor of the motor
2 vehicle transporting the product;

3 (4) [~~(5)~~] sells or delivers gasoline or diesel fuel
4 from a fuel supply tank that is connected with the fuel injector
5 or carburetor of a motor vehicle;

6 (5) [~~(6)~~] owns or operates a motor vehicle for which
7 reports or mileage records are required by this chapter without
8 an operating odometer or other device in good working condition
9 to record accurately the miles traveled;

10 (6) [~~(7)~~] sells or delivers dyed diesel fuel for the
11 operation of a motor vehicle on a public highway;

12 (7) [~~(8)~~] uses dyed diesel fuel for the operation of
13 a motor vehicle on a public highway except as allowed under
14 Section 162.235;

15 (8) [~~(9)~~] ~~makes a tax-free sale or delivery of~~
16 ~~liquefied gas into the fuel supply tank of a motor vehicle that~~
17 ~~does not display a current Texas liquefied gas tax decal;~~

18 [~~(10)~~] ~~makes a sale or delivery of liquefied gas on~~
19 ~~which the person knows the tax is required to be collected, if~~
20 ~~at the time the sale is made the person does not hold a valid~~
21 ~~dealer's license;~~

22 [~~(11)~~] ~~makes a tax-free sale or delivery of liquefied~~
23 ~~gas into the fuel supply tank of a motor vehicle bearing out-of-~~
24 ~~state license plates;~~

25 [~~(12)~~] ~~makes a delivery of liquefied gas into the fuel~~
26 ~~supply tank of a motor vehicle bearing Texas license plates and~~
27 ~~no Texas liquefied gas tax decal, unless licensed under a~~
28 ~~multistate fuels tax agreement;~~

29 [~~(13)~~] refuses to permit the comptroller or the
30 attorney general to inspect, examine, or audit a book or record
31 required to be kept by a license holder, other user, or any

1 person required to hold a license under this chapter;

2 (9) [~~(14)~~] refuses to permit the comptroller or the
3 attorney general to inspect or examine any plant, equipment,
4 materials, or premises where motor fuel is produced, processed,
5 blended, stored, sold, delivered, or used;

6 (10) [~~(15)~~] refuses to permit the comptroller, the
7 attorney general, an employee of either of those officials, a
8 peace officer, an employee of the Texas Commission on
9 Environmental Quality, or an employee of the Department of
10 Agriculture to measure or gauge the contents of or take samples
11 from a storage tank or container on premises where motor fuel is
12 produced, processed, blended, stored, sold, delivered, or used;

13 (11) [~~(16)~~] is a license holder, a person required to
14 be licensed, or another user and fails or refuses to make or
15 deliver to the comptroller a report required by this chapter to
16 be made and delivered to the comptroller;

17 (12) [~~(17)~~] is an importer who does not obtain an
18 import verification number when required by this chapter;

19 (13) [~~(18)~~] purchases motor fuel for export, on which
20 the tax imposed by this chapter has not been paid, and
21 subsequently diverts or causes the motor fuel to be diverted to
22 a destination in this state or any other state or country other
23 than the originally designated state or country without first
24 obtaining a diversion number;

25 (14) [~~(19)~~] conceals motor fuel with the intent of
26 engaging in any conduct proscribed by this chapter or refuses to
27 make sales of motor fuel on the volume-corrected basis
28 prescribed by this chapter;

29 (15) [~~(20)~~] refuses, while transporting motor fuel,
30 to stop the motor vehicle the person is operating when called on
31 to do so by a person authorized to stop the motor vehicle;

1 (16) [~~21~~] refuses to surrender a motor vehicle and
2 cargo for impoundment after being ordered to do so by a person
3 authorized to impound the motor vehicle and cargo;

4 (17) [~~22~~] mutilates, destroys, or secretes a book
5 or record required by this chapter to be kept by a license
6 holder, other user, or person required to hold a license under
7 this chapter;

8 (18) [~~23~~] is a license holder, other user, or other
9 person required to hold a license under this chapter, or the
10 agent or employee of one of those persons, and makes a false
11 entry or fails to make an entry in the books and records
12 required under this chapter to be made by the person or fails to
13 retain a document as required by this chapter;

14 (19) [~~24~~] transports in any manner motor fuel under
15 a false cargo manifest or shipping document, or transports in
16 any manner motor fuel to a location without delivering at the
17 same time a shipping document relating to that shipment;

18 (20) [~~25~~] engages in a motor fuel transaction that
19 requires that the person have a license under this chapter
20 without then and there holding the required license;

21 (21) [~~26~~] makes and delivers to the comptroller a
22 report required under this chapter to be made and delivered to
23 the comptroller, if the report contains false information;

24 (22) [~~27~~] forges, falsifies, or alters an invoice
25 or shipping document prescribed by law;

26 (23) [~~28~~] makes any statement, knowing said
27 statement to be false, in a claim for a tax refund filed with
28 the comptroller;

29 (24) [~~29~~] furnishes to a licensed supplier or
30 distributor a signed statement for purchasing diesel fuel tax-
31 free and then uses the tax-free diesel fuel to operate a diesel-

1 powered motor vehicle on a public highway;

2 (25) [~~+30~~] holds an aviation fuel dealer's license
3 and makes a taxable sale or use of any gasoline or diesel fuel;

4 (26) [~~+31~~] fails to remit any tax funds collected or
5 required to be collected by a license holder, another user, or
6 any other person required to hold a license under this chapter;

7 (27) [~~+32~~] makes a sale of dyed diesel fuel tax-free
8 into a storage facility of a person who:

9 (A) is not licensed as a distributor, as an
10 aviation fuel dealer, or as a dyed diesel fuel bonded user; or

11 (B) does not furnish to the licensed supplier or
12 distributor a signed statement prescribed in Section 162.206;

13 (28) [~~+33~~] makes a sale of gasoline tax-free to any
14 person who is not licensed as an aviation fuel dealer;

15 (29) [~~+34~~] purchases any motor fuel tax-free when
16 not authorized to make a tax-free purchase under this chapter;

17 (30) [~~+35~~] purchases motor fuel with the intent to
18 evade any tax imposed by this chapter or accepts a delivery of
19 motor fuel by any means and does not at the same time accept or
20 receive a shipping document relating to the delivery;

21 (31) [~~+36~~] transports motor fuel for which a cargo
22 manifest or shipping document is required to be carried without
23 possessing or exhibiting on demand by an officer authorized to
24 make the demand a cargo manifest or shipping document containing
25 the information required to be shown on the manifest or shipping
26 document;

27 (32) [~~+37~~] imports, sells, uses, blends,
28 distributes, or stores motor fuel within this state on which the
29 taxes imposed by this chapter are owed but have not been first
30 paid to or reported by a license holder, another user, or any
31 other person required to hold a license under this chapter;

1 (33) [~~38~~] blends products together to produce a
2 blended fuel that is offered for sale, sold, or used and that
3 expands the volume of the original product to evade paying
4 applicable motor fuel taxes;

5 (34) [~~39~~] evades or attempts to evade in any manner
6 a tax imposed on motor fuel by this chapter;

7 (35) [~~40~~] delivers compressed natural gas or
8 liquefied natural gas into the fuel supply tank of a motor
9 vehicle and the person does not hold a valid compressed natural
10 gas and liquefied natural gas dealer's license; or

11 (36) [~~41~~] makes a tax-free delivery of compressed
12 natural gas or liquefied natural gas into the fuel supply tank
13 of a motor vehicle, unless the delivery is exempt from tax under
14 Section 162.356.

15 SECTION _____. Section 162.404, Tax Code, is amended to
16 read as follows:

17 Sec. 162.404. CRIMINAL OFFENSES: SPECIAL PROVISIONS AND
18 EXCEPTIONS. (a) A person does not commit an offense under
19 Section 162.403 unless the person intentionally or knowingly
20 engaged in conduct as the definition of the offense requires,
21 except that no culpable mental state is required for an offense
22 under Section 162.403(5) [~~162.403(6)~~].

23 (b) Each day that a refusal prohibited under Section
24 162.403(8), (9), or (10) [~~162.403(13), (14), or (15)~~] continues
25 is a separate offense.

26 (c) The prohibition under Section 162.403(27)
27 [~~162.403(32)~~] does not apply to the tax-free sale or
28 distribution of diesel fuel authorized by Section 162.204(1),
29 (2), or (3).

30 (d) The prohibition under Section 162.403(28)
31 [~~162.403(33)~~] does not apply to the tax-free sale or

1 distribution of gasoline under Section 162.104(1), (2), or (3).

2 SECTION _____. Section 162.405, Tax Code, is amended to
3 read as follows:

4 Sec. 162.405. CRIMINAL PENALTIES. (a) An offense under
5 Section 162.403(1), (2), (3), (4), (5), [~~(6)~~] or (7) [~~(8)~~] is a
6 Class C misdemeanor.

7 (b) An offense under Section 162.403(8), (9) [~~162.403(9)~~],
8 (10), (11), (12), (13), (35), or (36) [~~(14), (15), (16), (17),~~
9 ~~(18), (40), or (41)~~] is a Class B misdemeanor.

10 (c) An offense under Section 162.403(14), (15), or (16)
11 [~~162.403(19), (20), or (21)~~] is a Class A misdemeanor.

12 (d) An offense under Section 162.403(6), (17), (18), (19),
13 (20), (21) [~~162.403(7)~~], (22), (23), or (24) [~~(25), (26),~~
14 ~~(27), (28), or (29)~~] is a felony of the third degree.

15 (e) An offense under Section 162.403(25), (26), (27),
16 (28), (29), (30) [~~162.403(30)~~], (31), (32), (33), or (34) [~~(~~
17 ~~(35), (36), (37), (38), or (39)~~] is a felony of the second
18 degree.

19 (f) Violations of three or more separate offenses under
20 the following sections committed pursuant to one scheme or
21 continuous course of conduct may be considered as one offense
22 and punished as a felony of the second degree:

23 (1) Section 162.403(6) [~~162.403(7)~~];

24 (2) Sections 162.403(8) [~~162.403(13)~~] through (11)
25 [~~(16)~~]; or

26 (3) Sections 162.403(17) [~~162.403(22)~~] through (24)
27 [~~(29)~~].

28 SECTION _____. Section 548.051(a), Transportation Code, is
29 amended to read as follows:

30 (a) A motor vehicle, trailer, semitrailer, pole trailer,
31 or mobile home, registered in this state, must have the

1 following items inspected at an inspection station or by an
2 inspector:

- 3 (1) tires;
- 4 (2) wheel assembly;
- 5 (3) safety guards or flaps, if required by Section
6 547.606;
- 7 (4) brake system, including power brake unit;
- 8 (5) steering system, including power steering;
- 9 (6) lighting equipment;
- 10 (7) horns and warning devices;
- 11 (8) mirrors;
- 12 (9) windshield wipers;
- 13 (10) sunscreening devices, unless the vehicle is
14 exempt from sunscreen device restrictions under Section 547.613;
- 15 (11) front seat belts in vehicles on which seat belt
16 anchorages were part of the manufacturer's original equipment;
- 17 (12) ~~tax decal, if required by Section~~
18 ~~548.104(d)(1);~~
- 19 ~~(13)~~ exhaust system;
- 20 (13) ~~(14)~~ exhaust emission system;
- 21 (14) ~~(15)~~ fuel tank cap, using pressurized testing
22 equipment approved by department rule; and
- 23 (15) ~~(16)~~ emissions control equipment as designated
24 by department rule.

25 SECTION _____. Section 548.104(d), Transportation Code, is
26 amended to read as follows:

27 (d) An inspection station or inspector may not issue a
28 passing vehicle inspection report for a vehicle equipped with:

- 29 (1) ~~[a carburetion device permitting the use of~~
30 ~~liquefied gas alone or interchangeably with another fuel, unless~~
31 ~~a valid liquefied gas tax decal issued by the comptroller is~~

1 ~~attached to the lower right hand corner of the front windshield~~
2 ~~of the vehicle on the passenger side;~~

3 [~~2~~] a sunscreening device prohibited by Section
4 547.613, except that the department by rule shall provide
5 procedures for issuance of a passing vehicle inspection report
6 for a vehicle exempt under Section 547.613(c); or

7 (2) [~~3~~] a compressed natural gas container unless
8 the owner demonstrates in accordance with department rules
9 proof:

10 (A) that:

11 (i) the container has met the inspection
12 requirements under 49 C.F.R. Section 571.304; and

13 (ii) the manufacturer's recommended service
14 life for the container, as stated on the container label
15 required by 49 C.F.R. Section 571.304, has not expired; or

16 (B) that the vehicle is a fleet vehicle for
17 which the fleet operator employs a technician certified to
18 inspect the container.

19 SECTION _____. The following provisions of the Tax Code are
20 repealed:

21 (1) Section 162.001(40);

22 (2) Subchapter D, Chapter 162; and

23 (3) Section 162.505.

24 SECTION _____. The change in law made by this Act to Section
25 162.402(a), Tax Code, applies only to a violation that occurs on
26 or after the effective date of this Act. A violation that
27 occurred before the effective date of this Act is governed by
28 the law in effect on the date the violation occurred, and the
29 former law is continued in effect for that purpose.

30 SECTION _____. The change in law made by this Act to Section
31 162.403, Tax Code, applies only to an offense committed on or

1 after the effective date of this Act. An offense committed
2 before the effective date of this Act is governed by the law in
3 effect on the date the offense was committed, and the former law
4 is continued in effect for that purpose. For purposes of this
5 section, an offense was committed before the effective date of
6 this Act if any element of the offense occurred before that
7 date.

8 SECTION _____. A person who holds a liquefied gas tax decal
9 license under Section 162.305, Tax Code, that is valid on or
10 after the effective date of this Act will receive a pro rata
11 refund of the unused portion of the advanced taxes paid for the
12 period after the effective date of this Act.

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 27, 2015

TO: Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB1905 by Springer (Relating to the repeal of certain alcoholic beverage taxes and the tax on controlled substances.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1905, As Passed 2nd House: a negative impact of (\$896,000) through the biennium ending August 31, 2017.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2016	(\$437,000)
2017	(\$459,000)
2018	(\$452,000)
2019	(\$444,000)
2020	(\$438,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> 1	Probable Revenue (Loss) from <i>Available School Fund</i> 2	Probable Revenue (Loss) from <i>State Highway Fund</i> 6
2016	(\$244,000)	(\$193,000)	(\$578,000)
2017	(\$263,000)	(\$196,000)	(\$589,000)
2018	(\$251,000)	(\$201,000)	(\$602,000)
2019	(\$239,000)	(\$205,000)	(\$615,000)
2020	(\$228,000)	(\$210,000)	(\$630,000)

Fiscal Analysis

The bill would repeal certain alcoholic beverage taxes and the tax on controlled substances.

The bill would amend Chapters 34 (airline beverage permit) and 48 (passenger train beverage permit) of the Alcoholic Beverage Code to abolish the beverage service fee of five cents per serving of an alcoholic beverage served in Texas by the holder of an airline beverage permit or a passenger train beverage permit.

The bill would repeal Chapter 159 of the Tax Code, thereby abolishing the controlled substances tax, and would make conforming changes to Section 111.021 of the Tax Code and Section 411.109 of the Government Code.

The bill would repeal sections in Chapter 162 (motor fuel tax) of the Tax Code to abolish the liquefied gas tax, and would make conforming changes elsewhere in this code.

The bill would exempt certain motor vehicles used to provide transit services, including vehicles of a metropolitan rapid transit authority operating under Chapter 451 of the Transportation Code, or a regional transportation authority operating under Chapter 452 of the Transportation Code, from the compressed natural gas and liquefied natural gas (CNG/LNG) tax imposed under Subchapter D-1 of Chapter 162 of the Tax Code.

The bill would make conforming changes to the Transportation Code.

The bill would take effect September 1, 2015.

Methodology

The estimated fiscal impact provided by the Comptroller of Public Accounts (CPA), is based on the *2016-2017 Biennial Revenue Estimate*. Upon the bill's effective date, airlines and passenger trains serving alcoholic beverages would continue to be required to hold a permit issued by the Texas Alcoholic Beverage Commission. They no longer would remit the tax on the beverage service. The loss from repealing the liquefied gas tax and exempting certain motor vehicles from the CNG/LNG tax is based on Texas Department of Transportation, Public Transportation Division records; and a summer 2014 survey by the Natural Gas Section of the Railroad Commission, regarding the number of CNG/LNG transit vehicles that would be exempted under the provisions of the bill.

The repeal of the controlled substances tax would have no effect on revenue collections.

The CPA notes that repealing the controlled substances tax, when combined with the repeal of taxes on liquefied gas, oil regulation, sulphur, inheritances and fireworks, will allow the Comptroller to redeploy resources to audit and enforcement activities for other sources of revenue. According to CPA, redeploying these resources will generate revenue sufficient to offset revenue lost from repealing controlled substances and airline and passenger train beverage taxes.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD, AG

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 13, 2015

TO: Honorable Jane Nelson, Chair, Senate Committee on Finance

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB1905 by Springer (Relating to the repeal of certain alcoholic beverage taxes and the tax on controlled substances.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1905, As Engrossed: a negative impact of (\$507,000) through the biennium ending August 31, 2017.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2016	(\$244,000)
2017	(\$263,000)
2018	(\$251,000)
2019	(\$239,000)
2020	(\$228,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from General Revenue Fund
	1
2016	(\$244,000)
2017	(\$263,000)
2018	(\$251,000)
2019	(\$239,000)
2020	(\$228,000)

Fiscal Analysis

The bill would repeal certain alcoholic beverage taxes and the tax on controlled substances.

The bill would amend Chapters 34 (airline beverage permit) and 48 (passenger train beverage permit) of the Alcoholic Beverage Code to abolish the beverage service fee of five cents per serving of an alcoholic beverage served in Texas by the holder of an airline beverage permit or a passenger train beverage permit.

The bill would repeal Chapter 159 of the Tax Code, thereby abolishing the controlled substances tax, and would make conforming changes to Section 111.021 of the Tax Code and Section 411.109 of the Government Code.

The bill would take effect September 1, 2015.

Methodology

The estimated fiscal impact provided by the Comptroller of Public Accounts (CPA), is based on the *2016-2017 Biennial Revenue Estimate*. Upon the bill's effective date, airlines and passenger trains serving alcoholic beverages would continue to be required to hold a permit issued by the Texas Alcoholic Beverage Commission. They no longer would remit the tax on the beverage service.

The repeal of the controlled substances tax would have no effect on revenue collections.

The CPA notes that repealing the controlled substances tax, when combined with the repeal of taxes on liquefied gas, oil regulation, sulphur, inheritances and fireworks, will allow the Comptroller to redeploy resources to audit and enforcement activities for other sources of revenue. According to CPA, redeploying these resources will generate revenue sufficient to offset revenue lost from repealing controlled substances and airline and passenger train beverage taxes.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD, AG

**LEGISLATIVE BUDGET BOARD
Austin, Texas**

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

March 29, 2015

TO: Honorable Dennis Bonnen, Chair, House Committee on Ways & Means

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB1905 by Springer (Relating to the repeal of certain alcoholic beverage taxes and the tax on controlled substances.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1905, As Introduced: a negative impact of (\$507,000) through the biennium ending August 31, 2017.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2016	(\$244,000)
2017	(\$263,000)
2018	(\$251,000)
2019	(\$239,000)
2020	(\$228,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> 1
2016	(\$244,000)
2017	(\$263,000)
2018	(\$251,000)
2019	(\$239,000)
2020	(\$228,000)

Fiscal Analysis

The bill would repeal certain alcoholic beverage taxes and the tax on controlled substances.

The bill would amend Chapters 34 (airline beverage permit) and 48 (passenger train beverage permit) of the Alcoholic Beverage Code to abolish the beverage service fee of five cents per serving of an alcoholic beverage served in Texas by the holder of an airline beverage permit or a passenger train beverage permit.

The bill would repeal Chapter 159 of the Tax Code, thereby abolishing the controlled substances tax, and would make conforming changes to Section 111.021 of the Tax Code and Section 411.109 of the Government Code.

The bill would take effect September 1, 2015.

Methodology

The estimated fiscal impact provided by the Comptroller of Public Accounts (CPA), is based on the *2016-2017 Biennial Revenue Estimate*. Upon the bill's effective date, airlines and passenger trains serving alcoholic beverages would continue to be required to hold a permit issued by the Texas Alcoholic Beverage Commission. They no longer would remit the tax on the beverage service.

The repeal of the controlled substances tax would have no effect on revenue collections.

The CPA notes that repealing the controlled substances tax, when combined with the repeal of taxes on liquefied gas, oil regulation, sulphur, inheritances and fireworks, will allow the Comptroller to redeploy resources to audit and enforcement activities for other sources of revenue. According to CPA, redeploying these resources will generate revenue sufficient to offset revenue lost from repealing controlled substances and airline and passenger train beverage taxes.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD, AG

LEGISLATIVE BUDGET BOARD
Austin, Texas

TAX/FEE EQUITY NOTE

84TH LEGISLATIVE REGULAR SESSION

March 29, 2015

TO: Honorable Dennis Bonnen, Chair, House Committee on Ways & Means

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB1905 by Springer (Relating to the repeal of certain alcoholic beverage taxes and the tax on controlled substances.), **As Introduced**

No statistically significant impact on the overall distribution of a state tax or fee burden among individuals and businesses is anticipated from the provisions of this bill.

Source Agencies:

LBB Staff: UP, KK