

BILL ANALYSIS

Senate Research Center
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S.B. 1781
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Compressed and liquefied natural gas are currently subject to the state motor fuel tax and are taxed at a rate of \$0.15 per gallon. Natural gas, however, is the only alternative fuel that is subject to this tax.

Accordingly, S.B. 1781 would exempt natural gas from the state motor fuel tax. This would help provide alternative fuel parity and incentivize the purchase of cleaner-burning natural gas vehicles. It also would eliminate the outdated offense of delivering compressed or liquefied natural gas into the fuel supply tank without a natural gas dealer's license

As proposed, S.B. 1781 amends current law relating to the repeal of the motor fuel taxes on compressed natural gas and liquefied natural gas and the exemption from sales and use taxes of natural gas used as a motor fuel.

RULEMAKING AUTHORITY

Rulemaking authority previously granted to the comptroller of public accounts of the State of Texas is rescinded in SECTION 7 of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 151.317, Tax Code, by adding Subsection (f) to provide that natural gas delivered into the fuel supply tank of a motor vehicle is exempted from the taxes imposed by this chapter (Limited Sales, Excise, and Use Tax).

SECTION 2. Amends Sections 162.001(4), (19), (29), (38), (39), (42), and (43), Tax Code, to redefine "aviation fuel dealer," "diesel fuel," "gasoline," "license holder," "liquefied gas," "motor fuel," and "motor fuel transporter" for purposes of this section.

SECTION 3. Amends Section 162.014, Tax Code, to delete compressed natural gas, liquefied natural gas, or liquefied gas from among a list of motor fuels subject to taxes imposed by this chapter (Motor Fuel Taxes).

SECTION 4. Amends Section 162.402(a), Tax Code, to delete existing text providing that a person forfeits to the state certain civil penalties if the person delivers compressed natural gas or liquefied natural gas into the fuel supply tank of a motor vehicle and the person does not hold a valid compressed natural gas and liquefied natural gas dealer's license or makes a tax-free delivery of compressed natural gas or liquefied natural gas into the fuel supply tank of a motor vehicle, unless the delivery is exempt from tax under Section 162.356 (Exemptions).

SECTION 5. Amends Section 162.403, Tax Code, to delete existing text providing that except as provided by Section 162.404 (Criminal Offenses: Special Provisions and Exceptions), a person commits an offense if the person delivers compressed natural gas or liquefied natural gas into the fuel supply tank of a motor vehicle and the person does not hold a valid compressed natural gas and liquefied natural gas dealer's license or makes a tax-free delivery of compressed natural gas or liquefied natural gas into the fuel supply tank of a motor vehicle, unless the delivery is exempt from tax under Section 162.356.

SECTION 6. Amends Section 162.405(b), Tax Code, to delete Sections 162.403(35) (relating to a person committing an offense if the person delivers compressed natural gas or liquefied natural gas into the fuel supply tank of a motor vehicle and the person does not hold a certain license) and (36) (relating to a person committing an offense if the person makes a tax-free delivery of compressed natural gas or liquefied natural gas into the fuel supply tank of a motor vehicle) from a list of sections under which an offense is considered a Class B misdemeanor.

SECTION 7. Repealer: Section 151.308(b) (relating to providing that natural gas is exempt from taxation only to the extent that the gas is taxed as a motor fuel under Chapter 162), Tax Code.

Repealer: Section 162.001(16) (relating to the definition of "compressed natural gas"), Tax Code.

Repealer: Section 162.001(19-a) (relating to the definition of "diesel gallon equivalent"), Tax Code.

Repealer: Section 162.001(24-a) (relating to the definition of "fleet user"), Tax Code.

Repealer: Section 162.001(29-a) (relating to the definition of "gasoline gallon equivalent"), Tax Code.

Repealer: Section 162.001(40-a) (relating to the definition of "liquefied natural gas"), Tax Code.

Repealer: Subchapter D-1 (Compressed Natural Gas and Liquefied Natural Gas Tax), Chapter 162, Tax Code.

Repealer: Section 162.506 (Allocation of Compressed Natural Gas and Liquefied Natural Gas Tax), Tax Code.

SECTION 8. Provides that the change in law made by this Act does not affect tax liability accruing before the effective date of this Act. Provides that 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 9. Makes application of this Act prospective. Provides that an offense committed before the effective date of this Act is governed by the law in effect on the date the offense was committed, and the former law is continued in effect for that purpose.

SECTION 10. Effective date: September 1, 2019.