By:  Hinojosa S.B. No. 1933

A BILL TO BE ENTITLED

AN ACT

relating to movements of gasoline and diesel fuel within the bulk transfer system.

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

SECTION 1. Section 162.001 Tax Code, is amended by amending subsections (11), (12), and (57) and by adding subsections (42-a) and (63) to read as follows:

(11)  "Bulk transfer" means a transfer of motor fuel from one location to another within the United States by pipeline or marine movement within a bulk transfer/terminal system, including:

(A) a marine vessel movement of motor fuel owned by a licensed supplier or permissive supplier[ ~~from a refinery or terminal to a terminal~~];

(B) a pipeline movement of motor fuel from a refinery, a motor fuel storage facility, or terminal to a terminal or a motor fuel storage facility;

(C) a book transfer or in-tank transfer of motor fuel within a terminal or motor fuel storage facility between licensed suppliers before completion of removal across the rack; and

(D) a two-party exchange between licensed suppliers or between licensed suppliers and permissive suppliers.

(12) "Bulk transfer/terminal system" means the motor fuel distribution system consisting of refineries, pipelines, marine vessels, motor fuel storage facilities, and IRS-approved terminals. Motor fuel is in the bulk transfer/terminal system if the motor fuel is in a refinery, a pipeline, a motor fuel storage facility, a terminal or a marine vessel transporting motor fuel owned by a licensed supplier or a permissive supplier[~~, or a marine vessel transporting motor fuel to a refinery or terminal~~]. Motor fuel is not in the bulk transfer/terminal system if the motor fuel is in[ ~~a motor fuel storage facility, including~~]:

(A) a bulk plant that is not part of a refinery or terminal;

(B) the motor fuel supply tank of an engine or a motor vehicle; or

[~~(C) a marine vessel transporting motor fuel to a motor fuel storage facility that is not in the bulk transfer/terminal system; or~~]

(C)[~~(D)~~] a tank car, railcar, trailer, truck, or other equipment suitable for ground transportation.

(42-a) “Motor fuel storage facility” means a storage facility supplied by pipeline or marine vessel that does not have a rack for removal of motor fuel by truck or railcar or by any other means of conveyance that is outside the bulk transfer/terminal system.

(57) "Supplier" means a person that:

(A) is subject to the general taxing jurisdiction of this state;

(B) is registered under Section 4101, Internal Revenue Code, for transactions in motor fuel in the bulk transfer/terminal distribution system, and is:

(i) a position holder in motor fuel in a terminal or refinery in this state and may concurrently also be a position holder in motor fuel in another state; or

(ii) a person who receives motor fuel in this state under a two-party exchange; [~~and~~] or

(iii) a person who owns motor fuel in a marine vessel in this state; and

(C) may also be a terminal operator, provided that a terminal operator is not considered to also be a "supplier" based solely on the fact that the terminal operator handles motor fuel consigned to it within a terminal.

(63) A marine vessel includes a marine barge.

SECTION 2. Section 162.101 Tax Code, is amended by amending (e-1) to read as follows:

(e-1) A tax is imposed on gasoline if: [~~that is otherwise exempt from taxation~~]

(1) the gasoline is otherwise exempt from taxation under Section 162.104(a)(4) or (7) and [~~if~~] the gasoline is sold into a truck or a railcar in this state to a person who does not hold a license under Section 162.105(1), (2), (3), (4), or (6). The person who[~~that~~] sold the gasoline is liable for and shall collect and remit the tax[~~.~~]; or

(2) the gasoline is otherwise exempt from taxation under 162.104(a)(7) and the gasoline is sold into a marine vessel in this state to a person who does not hold a license under Section 162.105(1), (2), (3), (4), or (6) unless the exporter of record is licensed under 162.105(1), (2), (3), (4), or (6). The person who sold the gasoline is liable for and shall collect and remit the tax.

SECTION 3. Section 162.104 Tax Code, is amended by amending (a)(7) to read as follows:

(7) exported to a foreign country if the bill of lading or shipping documents indicate[~~s~~] the foreign destination and the fuel is actually exported to the foreign country;

SECTION 4. Section 162.201 Tax Code, is amended by amending (e-1) to read as follows:

(e-1) A tax is imposed on diesel fuel [~~that is otherwise exempt from taxation under Section 162.204(a)(4) or (7)~~] if:

(1) the diesel fuel is otherwise exempt from taxation under Section 162.204(a)(4) or (7) and the diesel fuel is sold into a truck or a railcar in this state to a person who does not hold a license under Section 162.205(a)(1), (2), (3), (4), or (6). The person who [that] sold the diesel fuel is liable for and shall collect and remit the tax[~~.~~]; or

(2) the diesel fuel is otherwise exempt from taxation under Section 162.204(a)(7) and the diesel fuel is sold into a marine vessel in this state to a person who does not hold a license under Section 162.105(1), (2), (3), (4), or (6), unless the exporter of record is licensed under Section 162.105(1), (2), (3), (4), or (6). The person who sold the diesel fuel is liable for and shall collect and remit the tax.

SECTION 5. Section 162.204 Tax Code, is amended by amending (a)(7) to read as follows:

(7) exported to a foreign country if the bill of lading or shipping documents indicate[~~s~~] the foreign destination and the fuel is actually exported to the foreign country;

SECTION 6. This Act takes effect September 1, 2019.