

By: Guillen, Anderson

H.B. No. 916

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 that
22 the bill of lading indicates the destination state and the supplier
23 collects the destination state tax;

24 (5) moved by truck or railcar between licensed

1 suppliers or licensed permissive suppliers and in which the
2 gasoline removed from the first terminal comes to rest in the second
3 terminal, provided that the removal from the second terminal rack
4 is subject to the tax imposed by this subchapter;

5 (6) delivered or sold into a storage facility of a
6 licensed aviation fuel dealer from which gasoline will be delivered
7 solely into the fuel supply tanks of aircraft or aircraft servicing
8 equipment, or sold from one licensed aviation fuel dealer to
9 another licensed aviation fuel dealer who will deliver the aviation
10 fuel exclusively into the fuel supply tanks of aircraft or aircraft
11 servicing equipment;

12 (7) exported to a foreign country if the bill of lading
13 indicates the foreign destination and the fuel is actually exported
14 to the foreign country;

15 (8) sold to a volunteer fire department in this state
16 for the department's exclusive use; ~~[or]~~

17 (9) sold to a nonprofit entity that is organized for
18 the sole purpose of and engages exclusively in providing emergency
19 medical services and that uses the gasoline exclusively to provide
20 emergency medical services, including rescue and ambulance
21 services; or

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

25 SECTION 2. Sections 162.125(a) and (g), Tax Code, are
26 amended to read as follows:

27 (a) A license holder may take a credit on a return for the

1 period in which the sale occurred if the license holder paid tax on
2 the purchase of gasoline and subsequently resells the gasoline
3 without collecting the tax to:

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

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

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

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

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

20 (6) a rural transit district created under Chapter
21 458, Transportation Code, that uses the gasoline exclusively to
22 provide public transportation.

23 (g) A transit company that paid tax on the purchase of
24 gasoline, and is not otherwise entitled to a refund of that tax
25 under this subchapter, may seek a refund with the comptroller in an
26 amount equal to one cent per gallon for gasoline used in transit
27 vehicles.

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

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

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

9 (b) The refund claim under Subsection (a) must contain
10 information regarding:

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

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

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

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

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

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

27 (3) diesel fuel sold to a commercial transportation

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

6 (4) diesel fuel exported by either a licensed supplier
7 or a licensed exporter from this state to any other state, provided
8 that the bill of lading indicates the destination state and the
9 supplier collects the destination state tax;

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

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

22 (7) diesel fuel exported to a foreign country if the
23 bill of lading indicates the foreign destination and the fuel is
24 actually exported to the foreign country;

25 (8) dyed diesel fuel sold or delivered by a supplier to
26 another supplier and dyed diesel fuel sold or delivered by a
27 supplier or distributor into the bulk storage facility of a dyed

1 diesel fuel bonded user or to a purchaser who provides a signed
2 statement as provided by Section [162.206](#);

3 (9) the volume of water, fuel ethanol, renewable
4 diesel, biodiesel, or mixtures thereof that are blended together
5 with taxable diesel fuel when the finished product sold or used is
6 clearly identified on the retail pump, storage tank, and sales
7 invoice as a combination of diesel fuel and water, fuel ethanol,
8 renewable diesel, biodiesel, or mixtures thereof;

9 (10) dyed diesel fuel sold by a supplier or permissive
10 supplier to a distributor, or by a distributor to another
11 distributor;

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

16 (12) dyed kerosene when delivered by a supplier,
17 distributor, or importer into a storage facility at a retail
18 business from which all deliveries are exclusively for heating,
19 cooking, lighting, or similar nonhighway use;

20 (13) diesel fuel used by a person, other than a
21 political subdivision, who owns, controls, operates, or manages a
22 commercial motor vehicle as defined by Section [548.001](#),
23 Transportation Code, if the fuel:

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

26 (B) is used exclusively to transport passengers
27 for compensation or hire between points in this state on a fixed

1 route or schedule;

2 (14) diesel fuel sold to a volunteer fire department
3 in this state for the department's exclusive use; [~~or~~]

4 (15) diesel fuel sold to a nonprofit entity that is
5 organized for the sole purpose of and engages exclusively in
6 providing emergency medical services and that uses the diesel fuel
7 exclusively to provide emergency medical services, including
8 rescue and ambulance services; or

9 (16) diesel fuel sold to a rural transit district
10 created under Chapter 458, Transportation Code, that uses the
11 diesel fuel exclusively to provide public transportation.

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

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

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

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

23 (3) an exporter licensed under this subchapter if the
24 seller is a licensed supplier or distributor and the exporter
25 subsequently exports the diesel fuel to another state;

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

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

7 (6) a rural transit district created under Chapter
8 458, Transportation Code, that uses the diesel fuel exclusively to
9 provide public transportation.

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

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

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

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

22 (b) The refund claim under Subsection (a) must contain
23 information regarding:

24 (1) vehicle mileage;

25 (2) hours of service provided; and

26 (3) fuel consumed.

27 (c) A rural transit district that requests a refund under

1 this section shall maintain all supporting documentation relating
2 to the refund until the sixth anniversary of the date of the
3 request.

4 SECTION 7. Section 162.356(a), Tax Code, is amended to read
5 as follows:

6 (a) The tax imposed by this subchapter does not apply to
7 compressed natural gas or liquefied natural gas delivered into the
8 fuel supply tank of:

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

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

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

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

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

25 (6) a motor vehicle operated exclusively by a
26 nonprofit electric cooperative corporation organized under Chapter
27 161, Utilities Code;

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

4 (8) a motor vehicle that is not registered for use on
5 the public highways of this state and that is used exclusively
6 off-highway;

7 (9) a motor vehicle operated exclusively by a
8 nonprofit entity that is organized for the sole purpose of and
9 engages exclusively in providing emergency medical services and
10 that uses the fuel exclusively to provide emergency medical
11 services, including rescue and ambulance services;

12 (9-a) a motor vehicle operated exclusively by a rural
13 transit district created under Chapter 458, Transportation Code,
14 that uses the fuel exclusively to provide public transportation;

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

20 (11) except as provided by Subsection (b), a motor
21 vehicle:

22 (A) used to provide the services of a transit
23 company, including a metropolitan rapid transit authority under
24 Chapter 451, Transportation Code, or a regional transportation
25 authority under Chapter 452, Transportation Code; and

26 (B) operated by a person who on January 1, 2015,
27 paid tax on compressed natural gas or liquefied natural gas as

1 provided by Section 162.312, as that section existed on that date.

2 SECTION 8. Subchapter D-1, Chapter 162, Tax Code, is
3 amended by adding Section 162.3685 to read as follows:

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

5 (a) A rural transit district created under Chapter 458,
6 Transportation Code, is entitled to a refund of taxes paid under
7 this subchapter for compressed natural gas or liquefied natural gas
8 delivered into the fuel supply tank of a motor vehicle used to
9 provide public transportation and may file a refund claim with the
10 comptroller for the amount of 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 9. The changes in law made by this Act do not affect
21 tax liability accruing before the effective date of this Act. That
22 liability continues in effect as if this Act had not been enacted,
23 and the former law is continued in effect for the collection of
24 taxes due and for civil and criminal enforcement of the liability
25 for those taxes.

26 SECTION 10. This Act takes effect immediately if it
27 receives a vote of two-thirds of all the members elected to each

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1 house, as provided by Section 39, Article III, Texas Constitution.
2 If this Act does not receive the vote necessary for immediate
3 effect, this Act takes effect September 1, 2019.