

By: Zaffirini

S.B. No. 1781

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the repeal of the motor fuel taxes on compressed natural
3 gas and liquefied natural gas and the exemption from sales and use
4 taxes of natural gas used as a motor fuel.

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

6 SECTION 1. Section 151.317, Tax Code, is amended by adding
7 Subsection (f) to read as follows:

8 (f) Natural gas delivered into the fuel supply tank of a
9 motor vehicle is exempted from the taxes imposed by this chapter.

10 SECTION 2. Sections 162.001(4), (19), (29), (38), (39),
11 (42), and (43), Tax Code, are amended to read as follows:

12 (4) "Aviation fuel dealer" means a person who:

13 (A) is the operator of an aircraft servicing
14 facility;

15 (B) delivers gasoline or diesel fuel
16 ~~compressed natural gas, or liquefied natural gas~~ exclusively into
17 the fuel supply tanks of aircraft or into equipment used solely for
18 servicing aircraft and used exclusively off-highway; and

19 (C) does not use, sell, or distribute gasoline
20 or diesel fuel ~~[, compressed natural gas, or liquefied natural~~
21 ~~gas]~~ on which a fuel tax is required to be collected or paid to this
22 state.

23 (19) "Diesel fuel" means kerosene or another liquid,
24 or a combination of liquids blended together, offered for sale,

1 sold, used, or capable of use as fuel for the propulsion of a
2 diesel-powered engine. The term includes products commonly
3 referred to as kerosene, light cycle oil, #1 diesel fuel, #2 diesel
4 fuel, dyed or undyed diesel fuel, aviation jet fuel, renewable
5 diesel, biodiesel, distillate fuel, cutter stock, or heating oil,
6 but does not include [~~compressed natural gas, liquefied natural
7 gas,~~ gasoline or [~~aviation gasoline,~~ ~~or liquefied gas~~].

8 (29) "Gasoline" means any liquid or combination of
9 liquids blended together, offered for sale, sold, used, or capable
10 of use as fuel for a gasoline-powered engine. The term includes
11 gasohol, aviation gasoline, and blending agents, but does not
12 include [~~compressed natural gas, liquefied natural gas,~~ racing
13 gasoline, diesel fuel, or aviation jet fuel [~~, or liquefied gas~~].

14 (38) "License holder" means a person licensed by the
15 comptroller under Section [162.105](#) or [~~7~~] [162.205](#) [~~, 162.357, or~~
16 [162.358](#)].

17 (39) "Liquefied gas" means all combustible gases that
18 exist in the gaseous state at 60 degrees Fahrenheit and at a
19 pressure of 14.7 pounds per square inch absolute, but does not
20 include [~~compressed natural gas, liquefied~~] natural gas, gasoline,
21 or diesel fuel. Liquefied gas is considered a special fuel for
22 purposes of Section [151.308](#).

23 (42) "Motor fuel" means gasoline, diesel fuel,
24 gasoline blended fuel, [~~compressed natural gas, liquefied natural
25 gas,~~] and other products that are offered for sale, sold, used, or
26 capable of use as fuel for a gasoline-powered engine or a
27 diesel-powered engine.

1 (43) "Motor fuel transporter" means a person who
2 transports gasoline, diesel fuel, gasoline blended fuel, aviation
3 fuel, or any other motor fuel[~~, except liquefied gas, compressed~~
4 ~~natural gas, or liquefied natural gas,~~] outside the bulk
5 transfer/terminal system by means of a transport vehicle, a
6 railroad tank car, or a marine vessel. The term does not include a
7 person who:

8 (A) is licensed under this chapter as a supplier,
9 permissive supplier, or distributor; and

10 (B) exclusively transports gasoline, diesel
11 fuel, gasoline blended fuel, aviation fuel, or any other motor fuel
12 to which the person retains ownership while the fuel is being
13 transported by the person.

14 SECTION 3. Section 162.014, Tax Code, is amended to read as
15 follows:

16 Sec. 162.014. OTHER MOTOR FUEL TAXES PROHIBITED. The taxes
17 imposed by this chapter are in lieu of any other excise or
18 occupation tax imposed by a political subdivision of this state on
19 the sale, use, or distribution of gasoline or[~~]~~ diesel fuel[~~]~~
20 ~~compressed natural gas, liquefied natural gas, or liquefied gas~~].

21 SECTION 4. Section 162.402(a), Tax Code, is amended to read
22 as follows:

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

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

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

4 (3) transports gasoline or diesel fuel in any cargo
5 tank that has a connection by pipe, tube, valve, or otherwise with
6 the fuel injector or carburetor of, or with the fuel supply tank
7 feeding the fuel injector or carburetor of, the motor vehicle
8 transporting the product;

9 (4) sells or delivers gasoline or diesel fuel from any
10 fuel supply tank connected with the fuel injector or carburetor of a
11 motor vehicle;

12 (5) owns or operates a motor vehicle for which reports
13 or mileage records are required by this chapter without an
14 operating odometer or other device in good working condition to
15 record accurately the miles traveled;

16 (6) furnishes to a licensed supplier or distributor a
17 signed statement for purchasing diesel fuel tax-free and then uses
18 the tax-free diesel fuel to operate a diesel-powered motor vehicle
19 on a public highway;

20 (7) fails or refuses to comply with or violates a
21 provision of this chapter;

22 (8) fails or refuses to comply with or violates a
23 comptroller's rule for administering or enforcing this chapter;

24 (9) is an importer who does not obtain an import
25 verification number when required by this chapter; or

26 (10) purchases motor fuel for export, on which the tax
27 imposed by this chapter has not been paid, and subsequently diverts

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

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

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

13 SECTION 5. Section 162.403, Tax Code, is amended to read as
14 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 on
19 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 this
22 state without a valid trip permit or interstate trucker's license;

23 (3) transports gasoline or diesel fuel in any cargo
24 tank that has a connection by pipe, tube, valve, or otherwise with
25 the fuel injector or carburetor or with the fuel supply tank feeding
26 the fuel injector or carburetor of the motor vehicle transporting
27 the product;

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

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

8 (6) sells or delivers dyed diesel fuel for the
9 operation of a motor vehicle on a public highway;

10 (7) uses dyed diesel fuel for the operation of a motor
11 vehicle on a public highway except as allowed under Section
12 [162.235](#);

13 (8) refuses to permit the comptroller or the attorney
14 general to inspect, examine, or audit a book or record required to
15 be kept by a license holder, other user, or any person required to
16 hold a license under this chapter;

17 (9) refuses to permit the comptroller or the attorney
18 general to inspect or examine any plant, equipment, materials, or
19 premises where motor fuel is produced, processed, blended, stored,
20 sold, delivered, or used;

21 (10) refuses to permit the comptroller, the attorney
22 general, an employee of either of those officials, a peace officer,
23 an employee of the Texas Commission on Environmental Quality, or an
24 employee of the Department of Agriculture to measure or gauge the
25 contents of or take samples from a storage tank or container on
26 premises where motor fuel is produced, processed, blended, stored,
27 sold, delivered, or used;

1 (11) is a license holder, a person required to be
2 licensed, or another user and fails or refuses to make or deliver to
3 the comptroller a report required by this chapter to be made and
4 delivered to the comptroller;

5 (12) is an importer who does not obtain an import
6 verification number when required by this chapter;

7 (13) purchases motor fuel for export, on which the tax
8 imposed by this chapter has not been paid, and subsequently diverts
9 or causes the motor fuel to be diverted to a destination in this
10 state or any other state or country other than the originally
11 designated state or country without first obtaining a diversion
12 number;

13 (14) conceals motor fuel with the intent of engaging
14 in any conduct proscribed by this chapter or refuses to make sales
15 of motor fuel on the volume-corrected basis prescribed by this
16 chapter;

17 (15) refuses, while transporting motor fuel, to stop
18 the motor vehicle the person is operating when called on to do so by
19 a person authorized to stop the motor vehicle;

20 (16) refuses to surrender a motor vehicle and cargo
21 for impoundment after being ordered to do so by a person authorized
22 to impound the motor vehicle and cargo;

23 (17) mutilates, destroys, or secretes a book or record
24 required by this chapter to be kept by a license holder, other user,
25 or person required to hold a license under this chapter;

26 (18) is a license holder, other user, or other person
27 required to hold a license under this chapter, or the agent or

1 employee of one of those persons, and makes a false entry or fails
2 to make an entry in the books and records required under this
3 chapter to be made by the person or fails to retain a document as
4 required by this chapter;

5 (19) transports in any manner motor fuel under a false
6 cargo manifest or shipping document, or transports in any manner
7 motor fuel to a location without delivering at the same time a
8 shipping document relating to that shipment;

9 (20) engages in a motor fuel transaction that requires
10 that the person have a license under this chapter without then and
11 there holding the required license;

12 (21) makes and delivers to the comptroller a report
13 required under this chapter to be made and delivered to the
14 comptroller, if the report contains false information;

15 (22) forges, falsifies, or alters an invoice or
16 shipping document prescribed by law;

17 (23) makes any statement, knowing said statement to be
18 false, in a claim for a tax refund filed with the comptroller;

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

23 (25) holds an aviation fuel dealer's license and makes
24 a taxable sale or use of any gasoline or diesel fuel;

25 (26) fails to remit any tax funds collected or
26 required to be collected by a license holder, another user, or any
27 other person required to hold a license under this chapter;

1 (27) makes a sale of dyed diesel fuel tax-free into a
2 storage facility of a person who:

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

5 (B) does not furnish to the licensed supplier or
6 distributor a signed statement prescribed in Section [162.206](#);

7 (28) makes a sale of gasoline tax-free to any person
8 who is not licensed as an aviation fuel dealer;

9 (29) purchases any motor fuel tax-free when not
10 authorized to make a tax-free purchase under this chapter;

11 (30) purchases motor fuel with the intent to evade any
12 tax imposed by this chapter or accepts a delivery of motor fuel by
13 any means and does not at the same time accept or receive a shipping
14 document relating to the delivery;

15 (31) transports motor fuel for which a cargo manifest
16 or shipping document is required to be carried without possessing
17 or exhibiting on demand by an officer authorized to make the demand
18 a cargo manifest or shipping document containing the information
19 required to be shown on the manifest or shipping document;

20 (32) imports, sells, uses, blends, distributes, or
21 stores motor fuel within this state on which the taxes imposed by
22 this chapter are owed but have not been first paid to or reported by
23 a license holder, another user, or any other person required to hold
24 a license under this chapter;

25 (33) blends products together to produce a blended
26 fuel that is offered for sale, sold, or used and that expands the
27 volume of the original product to evade paying applicable motor

1 fuel taxes; or

2 (34) evades or attempts to evade in any manner a tax
3 imposed on motor fuel by this chapter[~~+~~

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

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

12 SECTION 6. Section [162.405](#)(b), Tax Code, is amended to read
13 as follows:

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

16 SECTION 7. The following provisions of the Tax Code are
17 repealed:

18 (1) Section [151.308](#)(b);

19 (2) Sections [162.001](#)(16), (19-a), (24-a), (29-a), and
20 (40-a);

21 (3) Subchapter D-1, Chapter [162](#); and

22 (4) Section [162.506](#).

23 SECTION 8. The change in law made by this Act does not
24 affect tax liability accruing before the effective date of this
25 Act. That liability continues in effect as if this Act had not been
26 enacted, and the former law is continued in effect for the
27 collection of taxes due and for civil and criminal enforcement of

1 the liability for those taxes.

2 SECTION 9. The change in law made by this Act applies only
3 to an offense committed on or after the effective date of this Act.
4 An offense committed before the effective date of this Act is
5 governed by the law in effect on the date the offense was committed,
6 and the former law is continued in effect for that purpose. For
7 purposes of this section, an offense was committed before the
8 effective date of this Act if any element of the offense occurred
9 before that date.

10 SECTION 10. This Act takes effect September 1, 2019.