

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

March 25, 2019

TO: Honorable Dustin Burrows, Chair, House Committee on Ways & Means

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: HB3954 by Burrows (Relating to motor fuel taxes applicable to gasoline and diesel fuel within the bulk transfer system.), **As Introduced**

No fiscal implication to the State is anticipated.

The bill would amend Chapter 162, Tax Code, regarding the movement of gasoline and diesel fuel within the bulk transfer system.

The bill would amend Subsection (11), Section 162.001, Tax Code, amending the definition of bulk transfer to indicate the transfer of motor fuel from one location to another within the United States that marine vessel movements within the bulk transfer/terminal system should be on marine vessels owned by a licensed supplier or permissive supplier. The bill would add motor fuel storage facilities as a link in the pipeline movement and book transfer of motor fuel across storage and loading facilities that comprise the bulk transfer system.

The bill would amend Subsection (12), Section 162.001, Tax Code, amending the definition of bulk transfer/terminal system by adding motor fuel storage facilities to the system. The bill specifies that marine vessels transporting motor fuels should be owned by a licensed supplier or permissive supplier.

The bill would add Subsection (40-b) to Section 162.001, Tax Code, defining marine vessel to include a marine barge.

The bill would add Subsection (42-a) to Section 162.001, Tax Code, defining a motor fuel storage facility as 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 other means of conveyance outside the bulk transfer/terminal system.

The bill would amend Subsection (57) of Section 162.001, Tax Code, by adding Subsection (57) (iii) which includes a person who owns motor fuel in a marine vessel in Texas as a supplier.

The bill would amend Sections 162.101 and 162.201, Tax Code, by amending both sections with respect to the imposition of gasoline and diesel fuel taxes. The tax is imposed when the fuel, which is otherwise exempt from taxation when exported to another state or country, is sold into a truck, railcar, or marine vessel to a person who is not a motor fuel license holder. The seller of the fuel shall collect and remit the tax.

The bill would amend Subsection (7) of Sections 162.104 and 162.204, Tax Code, by including shipping documents as alternate documentation for exportation of fuel to a foreign country.

The bill amends several subsections of Chapter 162, Tax Code, to modify the definition of "bulk transfer." The bill specifies, and clarifies, that a sale of either gasoline or diesel - otherwise exempt for export - is subject to tax if the fuel is sold into a truck, railcar, or marine vessel in this state to a person who is not a motor fuel permittee.

Maintenance of accurate records indicating sales are made to permittees would, as is now the case, allow for tax-free sales; otherwise, refunds of tax paid could be requested.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: WP, KK, SD, SMad