

By: Guillen

H.B. No. 1294

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 or shipping documents indicate the foreign destination and the fuel  
14 is actually exported 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 or shipping documents indicate the foreign  
24 destination and the fuel is actually exported to the foreign  
25 country;

26 (8) dyed diesel fuel sold or delivered by a supplier to  
27 another supplier and dyed diesel fuel sold or delivered by a

1 supplier or distributor into the bulk storage facility of a dyed  
2 diesel fuel bonded user or to a purchaser who provides a signed  
3 statement as provided by Section 162.206;

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

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

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

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

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

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

27 (B) is used exclusively to transport passengers

1 for compensation or hire between points in this state on a fixed  
2 route or schedule;

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

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

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

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

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

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

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

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

27 (4) a licensed aviation fuel dealer if the seller is a

1 licensed distributor; ~~[or]~~

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

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

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

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

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

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

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

25 (1) vehicle mileage;

26 (2) hours of service provided; and

27 (3) fuel consumed.



1        (c) A rural transit district that requests a refund under  
2 this section shall maintain all supporting documentation relating  
3 to the refund until the sixth anniversary of the date of the  
4 request.

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

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

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

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

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

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

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

26        (6) a motor vehicle operated exclusively by a  
27 nonprofit electric cooperative corporation organized under Chapter

1 161, Utilities Code;

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

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

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

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

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

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

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

27 (B) operated by a person who on January 1, 2015,

1 paid tax on compressed natural gas or liquefied natural gas as  
2 provided by Section 162.312, as that section existed on that date.

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

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

6 (a) A rural transit district created under Chapter 458,  
7 Transportation Code, is entitled to a refund of taxes paid under  
8 this subchapter for compressed natural gas or liquefied natural gas  
9 delivered into the fuel supply tank of a motor vehicle used to  
10 provide public transportation and may file a refund claim with the  
11 comptroller for the amount of those taxes.

12 (b) The refund claim under Subsection (a) must contain  
13 information regarding:

- 14 (1) vehicle mileage;  
15 (2) hours of service provided; and  
16 (3) fuel consumed.

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

21 SECTION 9. The changes in law made by this Act do not affect  
22 tax liability accruing before the effective date of this Act. That  
23 liability continues in effect as if this Act had not been enacted,  
24 and the former law is continued in effect for the collection of  
25 taxes due and for civil and criminal enforcement of the liability  
26 for those taxes.

27 SECTION 10. This Act takes effect immediately if it

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1 receives a vote of two-thirds of all the members elected to each  
2 house, as provided by Section 39, Article III, Texas Constitution.  
3 If this Act does not receive the vote necessary for immediate  
4 effect, this Act takes effect September 1, 2021.