

BILL ANALYSIS

H.B. 2763
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Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The current funding scheme for rural transit districts, which involves reliance on state dollars derived from state motor fuel taxes, is unsustainable since these districts are subject to paying the money they receive from these taxes back to the state in taxes on the fuel the districts themselves purchase. These districts, which serve as the primary form of transportation for many in rural communities, deserve to be funded adequately to ensure they are able to maintain service for residents in these communities. H.B. 2763 seeks to support the operation of these districts by exempting their fuel purchases from the state motor fuel taxes.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

H.B. 2763 amends the Tax Code to exempt gasoline and diesel fuel sold to a rural transit district that uses the fuel exclusively to provide public transportation from the gasoline tax and diesel fuel tax, respectively, and to exempt compressed natural gas or liquefied natural gas delivered into the fuel supply tank of a motor vehicle operated exclusively by a rural transit district that uses the fuel exclusively to provide public transportation from the compressed natural gas and liquefied natural gas tax. These provisions take effect January 1, 2026.

H.B. 2763 entitles a rural transit district to a refund of the total amount of taxes paid for the applicable fuel that is purchased by the district on or after January 1, 2026, and is used to provide public transportation. The bill sets the amount of the refund for taxes paid for a qualifying fuel purchase before that date as follows and provides for the expiration of the refund amount requirements on September 1, 2026:

- 50 percent of the amount of tax paid for the applicable fuel purchased by the district on or after January 1, 2024, and before January 1, 2025; and
- 75 percent of the amount of tax paid for the applicable fuel purchased by the district on or after January 1, 2025, and before January 1, 2026.

The bill authorizes the district to file a refund claim with the comptroller of public accounts for the amount due and requires the district's refund claim to contain information regarding vehicle mileage, hours of service provided, and fuel consumed. The bill requires the district to maintain all supporting documentation relating to the refund until the sixth anniversary of the request date. The bill clarifies that, despite the exemptions, a district must still pay the taxes as otherwise required by law but then may apply for a refund of the amount paid.

H.B. 2763 includes the resale of gasoline or diesel fuel to a rural transit district without collecting the applicable tax as a circumstance under which holders of certain licenses relating to gasoline and diesel fuel tax may take a credit on a tax return for the period in which the original sale occurred, provided the license holder paid the tax on the original purchase and the fuel is used exclusively to provide public transportation. These provisions take effect January 1, 2026.

H.B. 2763 establishes that its provisions do not affect tax liability accruing before the applicable effective date. The bill provides for the continuation of the law before the applicable effective date for purposes of that liability with regard to tax collection and civil and criminal enforcement.

EFFECTIVE DATE

Except as otherwise provided, January 1, 2024.