**BILL ANALYSIS**

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| Senate Research Center | S.B. 2949 |
| 89R10930 JBD-F | By: Hinojosa, Juan "Chuy"; Hinojosa, Adam |
|  | Border Security |
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**AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Since 2021, Texas has seen a sharp rise in motor fuel-related crimes, including crude oil and fuel theft, falsified transport documentation, and the use of overweight or off-route fuel trucks. Unregulated fuel depots and illegal transloading operations have emerged as key elements of this criminal activity, posing serious risks to public safety, the environment, and state commerce.

These developments are driven in part by organized criminal networks operating across the Texas-Mexico border and by gaps in state oversight. Transloading—typically the truck-to-truck transfer of fuel—is frequently used to consolidate loads into overweight vehicles to reduce exposure to cartel extortion at ports of entry. These transfers often occur at unregulated fuel depots established on private land to evade state oversight.

These practices align with broader criminal fuel schemes in Mexico known as "huachicol," involving the theft, adulteration, and black-market sale of fuel. A related practice, "huachicol fiscal," refers to smuggling fuel into Mexico without declaring it to tax or customs authorities. Texas has become a key staging ground for both activities, with criminal groups using falsified documentation and unregulated depots to move fuel southbound for illegal resale.

This cross-border fuel crime has disrupted lawful trade and investment. U.S. energy companies operating in or trading with Mexico have reported significant losses due to theft, fraud, and market distortions caused by untaxed fuel. Some have reduced or withdrawn operations in high-risk areas due to ongoing security concerns. While overweight corridors were designed to facilitate legal freight movement, bad actors have exploited the system by falsifying permits and operating off-route. DPS investigations show that both trucking firms and organized groups engage in unregulated fuel staging and transport using vehicles not suited for hazardous materials, including sand tanks and three-axle trailers. These activities pose severe public safety hazards and cause widespread infrastructure damage.

As introduced, S.B. 2949 seeks to address these serious concerns by enhancing public safety around fuel transportation and ensuring compliance with the Tax Code regarding the exportation of fuel and creating a new criminal offense for unauthorized fuel transport routes under the Transportation Code.

As proposed, S.B. 2949 amends current law relating to the regulation of the transportation of motor fuels and other hazardous materials and creates a criminal offense.

**RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

**SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Article 18B.202(a), Code of Criminal Procedure, to authorize a district judge to issue an order for the installation and use of a mobile tracking device only on the application of certain peace officers, including a peace officer commissioned by the Comptroller of Public Accounts of the State of Texas (comptroller) for purposes of Section 162.008 (Inspection of Premises and Records), Tax Code, and to make nonsubstantive changes.

SECTION 2. Amends Section 162.001(23), Tax Code, to redefine "export."

SECTION 3. Amends Sections 162.004(b) and (e), Tax Code, as follows:

(b) Requires a shipping document to contain certain information and any other information required by the comptroller, including the name and taxpayer number of the transportation company and the name of the operator of the barge, vessel, railroad tank car, or transport vehicle into which the motor fuel was loaded. Makes a nonsubstantive change.

(e) Requires a person to whom a shipping document was issued to take certain actions, including directly delivering the motor fuel to the destination state printed on the shipping document unless the person takes certain actions.

SECTION 4. Amends Section 162.104(a), Tax Code, as follows:

(a) Provides that the tax imposed by Subchapter B (Gasoline Tax), Chapter 162 (Motor Fuel Taxes) does not apply to gasoline:

(1)-(3) makes no changes to these subdivisions;

(4) directly exported by either a licensed supplier or a licensed exporter from this state to any other state without altering the content of the load by volume or composition, provided that the bill of lading indicates the destination state and the supplier collects the destination state tax;

(5)-(6) makes no changes to these subdivisions;

(7) directly exported to a foreign country without altering the content of the load by volume or composition if the bill of lading or shipping documents indicate the foreign destination and the fuel is actually exported to the foreign country; or

(8)-(10) makes no changes to these subdivisions.

SECTION 5. Amends Section 162.105, Tax Code, as follows:

Sec. 162.105. PERSONS REQUIRED TO BE LICENSED. (a) Creates this subsection from existing text and makes no further changes.

(b) Provides that each individual operating as a motor fuel transporter is required to obtain the appropriate license as required by Subsection (a) (relating to requiring a person to obtain the appropriate license or licenses before conducting certain activities) and is prohibited from operating under the license of another person.

SECTION 6. Amends Sections 162.110(a) and (c), Tax Code, as follows:

(a) Deletes existing text providing that the license issued to a motor fuel transporter is permanent and is valid during the period the license holder has in force and effect the required bond or security and furnishes timely reports and supplements as required, or until the license is surrendered by the holder or canceled by the comptroller. Makes nonsubstantive changes.

(c) Provides that the license issued to an interstate trucker or motor fuel transporter is valid from the date of its issuance through December 31 of each calendar year or until the license is surrendered by the holder or canceled by the comptroller.

SECTION 7. Amends Section 162.204(a), Tax Code, as follows:

(a) Provides that the tax imposed by Subchapter C (Diesel Fuel Tax), this chapter, does not apply to:

(1)-(3) makes no changes to these subdivisions;

(4) diesel fuel directly exported by either a licensed supplier or a licensed exporter from this state to any other state without altering the content of the load by volume or composition, provided that the bill of lading indicates the destination state and the supplier collects the destination state tax;

(5)-(6) makes no changes to these subdivisions;

(7) diesel fuel directly exported to a foreign country without altering the content of the load by volume or composition if the bill of lading or shipping documents indicate the foreign destination and the fuel is actually exported to the foreign country; or

(8)-(16) makes no changes to these subdivisions.

SECTION 8. Amends Section 162.205, Tax Code, by adding Subsection (c) to provide that each individual operating as a motor fuel transporter is required to obtain the appropriate license as required by Subsection (a) (relating to requiring a person to obtain the appropriate license or licenses issued by the comptroller before conducting certain activities) and prohibited from operating under the license of another person.

SECTION 9. Amends Sections 162.211(a) and (c), Tax Code, to make conforming changes.

SECTION 10. Amends Section 162.403, Tax Code, as follows:

Sec. 162.403. CRIMINAL OFFENSES. Provides that, except as provided by Section 162.404, a person commits an offense if the person takes certain actions, including if the person transports motor fuel without a cargo manifest or shipping document or presents to a peace officer a shipping document the contents of which are inconsistent with the volume and content of the motor fuel being transported, rather than if the person transports motor fuel for which a cargo manifest or shipping document is required to be carried without possessing or exhibiting on demand by an officer authorized to make the demand a cargo manifest or shipping document containing the information required to be shown on the manifest or shipping document.

SECTION 11. Amends Subchapter G, Chapter 621, Transportation Code, by adding Section 621.512, as follows:

Sec. 621.512. PROHIBITION ON OPERATING OVERWEIGHT VEHICLE TRANSPORTING HAZARDOUS MATERIALS ON ROUTE OTHER THAN DESIGNATED PERMIT ROUTE. (a) Provides that a person commits an offense if the person operates or moves an overweight vehicle transporting hazardous materials under a permit issued under this subtitle on a public highway that is not included in the route designated under the permit.

(b) Provides that an offense under this section is a felony of the second degree.

(c) Provides that it is an affirmative defense to prosecution under this section that, at the time of the offense, the vehicle was being operated or moved under the immediate direction of a law enforcement agency or in compliance with a permit authorizing the movement of the vehicle issued by the department or a political subdivision of this state.

SECTION 12. Makes application of this Act prospective.

SECTION 13. Provides that Sections 162.110 and 162.211, Tax Code, as amended by this Act, apply to a license issued to a motor fuel transporter, regardless of whether the license was issued before, on, or after the effective date of this Act.

SECTION 14. Effective date: September 1, 2025.