By: Vasut H.B. No. 1206

A BILL TO BE ENTITLED

AN ACT

relating to an exemption from certain motor fuel taxes for municipalities in this state.

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

SECTION 1. Section 162.104(a), Tax Code, is amended to read as follows:

(a) The tax imposed by this subchapter does not apply to gasoline:

(1) sold to the United States for its exclusive use, provided that the exemption does not apply with respect to fuel sold or delivered to a person operating under a contract with the United States;

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

(2-a) sold to a county in this state for the county's exclusive use;

(2-b) sold to a municipality in this state for the municipality's exclusive use;

(3) sold to a commercial transportation company or a metropolitan rapid transit authority operating under Chapter 451, Transportation Code, that provides public school transportation services to a school district under Section 34.008, Education Code, and that uses the gasoline only to provide those services;

(4) exported by either a licensed supplier or a

licensed exporter from this state to any other state, provided that the bill of lading indicates the destination state and the supplier collects the destination state tax;

(5) moved by truck or railcar between licensed suppliers or licensed permissive suppliers and in which the gasoline removed from the first terminal comes to rest in the second terminal, provided that the removal from the second terminal rack is subject to the tax imposed by this subchapter;

(6) delivered or sold into a storage facility of a licensed aviation fuel dealer from which gasoline will be delivered solely into the fuel supply tanks of aircraft or aircraft servicing equipment, or sold from one licensed aviation fuel dealer to another licensed aviation fuel dealer who will deliver the aviation fuel exclusively into the fuel supply tanks of aircraft or aircraft servicing equipment;

(7) exported to a foreign country if the bill of lading or shipping documents indicate the foreign destination and the fuel is actually exported to the foreign country;

(8) sold to a volunteer fire department in this state for the department's exclusive use;

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

(10) sold to a nonprofit food bank and delivered into:

(A) the fuel supply tank of a motor vehicle with a

gross vehicle weight rating of at least 25,000 pounds that is owned by the nonprofit food bank and used to deliver food; or

(B) a storage facility from which gasoline will be delivered solely into the fuel supply tanks of motor vehicles described by Paragraph (A).

SECTION 2. Section 162.125, Tax Code, is amended by amending Subsection (a) and adding Subsection (g-4) to read as follows:

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

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

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

(2-a) a county in this state for the county's exclusive use;

(2-b) a municipality in this state for the municipality's exclusive use;

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

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

(5) a commercial transportation company or a

metropolitan rapid transit authority operating under Chapter 451, Transportation Code, that provides public school transportation services to a school district under Section 34.008, Education Code, and that uses the gasoline exclusively to provide those services; or

(6) a nonprofit food bank that delivers or will deliver the gasoline into the fuel supply tank of a motor vehicle with a gross vehicle weight rating of at least 25,000 pounds that is owned by the nonprofit food bank and used to deliver food.

(g-4) A municipality exempt from the tax imposed under this subchapter that paid tax on the purchase of gasoline is entitled to a refund of the tax paid, and the municipality may file a refund claim with the comptroller for that amount.

SECTION 3. Section 162.204(a), Tax Code, is amended to read as follows:

(a) The tax imposed by this subchapter does not apply to:

(1) diesel fuel sold to the United States for its exclusive use, provided that the exemption does not apply to diesel fuel sold or delivered to a person operating under a contract with the United States;

(2) diesel fuel sold to a public school district in this state for the district's exclusive use;

(2-a) diesel fuel sold to a county in this state for the county's exclusive use;

(2-b) diesel fuel sold to a municipality in this state for the municipality's exclusive use;

(3) diesel fuel sold to a commercial transportation

company or a metropolitan rapid transit authority operating under Chapter 451, Transportation Code, that provides public school transportation services to a school district under Section 34.008, Education Code, and that uses the diesel fuel only to provide those services;

(4) diesel fuel exported by either a licensed supplier or a licensed exporter from this state to any other state, provided that the bill of lading indicates the destination state and the supplier collects the destination state tax;

(5) diesel fuel moved by truck or railcar between licensed suppliers or licensed permissive suppliers and in which the diesel fuel removed from the first terminal comes to rest in the second terminal, provided that the removal from the second terminal rack is subject to the tax imposed by this subchapter;

(6) diesel fuel delivered or sold into a storage facility of a licensed aviation fuel dealer from which the diesel fuel will be delivered solely into the fuel supply tanks of aircraft or aircraft servicing equipment, or sold from one licensed aviation fuel dealer to another licensed aviation fuel dealer who will deliver the diesel fuel exclusively into the fuel supply tanks of aircraft or aircraft servicing equipment;

(7) diesel fuel exported to a foreign country if the bill of lading or shipping documents indicate the foreign destination and the fuel is actually exported to the foreign country;

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

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

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

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

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

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

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

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

(B) is used exclusively to transport passengers

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

(14) diesel fuel sold to a volunteer fire department in this state for the department's exclusive use;

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

(16) diesel fuel sold to a nonprofit food bank and delivered into:

(A) the fuel supply tank of a motor vehicle with a gross vehicle weight rating of at least 25,000 pounds that is owned by the nonprofit food bank and used to deliver food; or

(B) a storage facility from which diesel fuel will be delivered solely into the fuel supply tanks of motor vehicles described by Paragraph (A).

SECTION 4. Section 162.227, Tax Code, is amended by amending Subsection (a) and adding Subsection (f-4) to read as follows:

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

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

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

(2-a) a county in this state for the county's exclusive use;

(2-b) a municipality in this state for the municipality's exclusive use;

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

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

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

(6) a nonprofit food bank that delivers or will deliver the diesel fuel into the fuel supply tank of a motor vehicle with a gross vehicle weight rating of at least 25,000 pounds that is owned by the nonprofit food bank and used to deliver food.

(f-4) A municipality exempt from the tax imposed under this subchapter that paid tax on the purchase of diesel fuel is entitled to a refund of the tax paid, and the municipality may file a refund claim with the comptroller for that amount.

SECTION 5. The changes in law made by this Act do not affect tax liability accruing before the effective date of this Act. That

liability continues in effect as if this Act had not been enacted, and the former law is continued in effect for the collection of taxes due and for civil and criminal enforcement of the liability of those taxes.

SECTION 6. This Act takes effect September 1, 2027.