

# CONFERENCE COMMITTEE REPORT FORM

Austin, Texas

May 30<sup>th</sup>, 2015  
Date

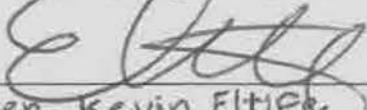
Honorable Dan Patrick  
President of the Senate

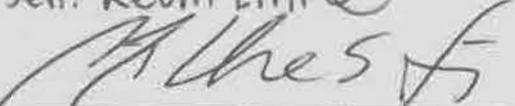
Honorable Joe Straus  
Speaker of the House of Representatives

Sirs:

We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on HB 1905 have had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.

  
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Sen. Larty Taylor

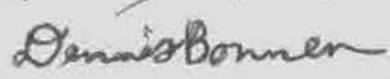
  
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Sen. Kevin Eltife

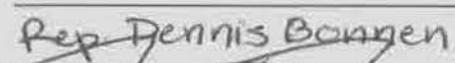
  
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Sen. Carlos Uresti

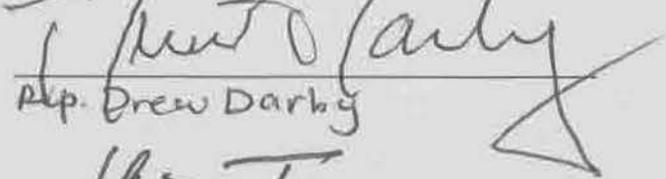
  
\_\_\_\_\_  
Sen. Kelly Hancock

  
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On the part of the Senate  
Sen. Lois Kolkhorst

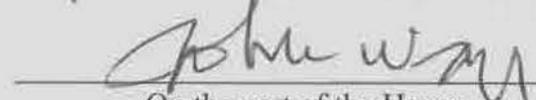
  
\_\_\_\_\_  
Rep. Drew Springer

  
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Rep. Dennis Bonnen

  
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Rep. Dennis Bonnen

  
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Rep. Drew Darby

  
\_\_\_\_\_  
Rep. Chris Turner

  
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On the part of the House  
Rep. John Wray

## Note to Conference Committee Clerk:

Please type the names of the members of the Conference Committee under the lines provided for signature. Those members desiring to sign the report should sign each of the six copies. Attach a copy of the Conference Committee Report and a Section by Section side by side comparison to each of the six reporting forms. The original and two copies are filed in house of origin of the bill, and three copies in the other house.



# CONFERENCE COMMITTEE REPORT

3<sup>rd</sup> Printing

H.B. No. 1905

A BILL TO BE ENTITLED

AN ACT

relating to certain state and local taxes, including ad valorem taxes, and to the repeal of certain of those taxes.

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

SECTION 1. Section 34.04, Alcoholic Beverage Code, is amended to read as follows:

Sec. 34.04. EXEMPTION FROM TAXES. ~~[(a) The taxes imposed by this code shall be paid on all alcoholic beverages on a commercial passenger aircraft departing from an airport in this state, in accordance with rules and regulations prescribed by the commission.~~

~~[(b)] The preparation and service of alcoholic beverages by the holder of an airline beverage permit is exempt from a tax imposed by this code and from the tax imposed by Chapter 151, Tax Code [the Limited Sales, Excise and Use Tax Act]. [An airline beverage service fee of five cents is imposed on each individual serving of an alcoholic beverage served by the permittee inside the state. The fee accrues at the time the container containing an alcoholic beverage is delivered to the passenger. The permittee may absorb the cost of the fee or may collect it from the passenger. The permittee shall remit the fees to the commission each month under a reporting system prescribed by the commission.]~~

SECTION 2. Section 48.04, Alcoholic Beverage Code, is amended to read as follows:

Sec. 48.04. EXEMPTION FROM TAXES. ~~[(a) The taxes imposed by~~

1 ~~this code shall be paid on all alcoholic beverages on a commercial~~  
2 ~~passenger train departing from a depot in this state in accordance~~  
3 ~~with the rules prescribed by the commission.~~

4       ~~[(b)]~~ The preparation and service of alcoholic beverages by  
5 the holder of a passenger train beverage permit is exempt from a tax  
6 imposed by this chapter and from the tax imposed by Chapter 151, Tax  
7 Code ~~[the Limited Sales, Excise, and Use Tax Act (Section 151.001 et~~  
8 ~~seq., Tax Code)]~~. ~~[A passenger train service fee of five cents is~~  
9 ~~imposed on each individual serving of an alcoholic beverage served~~  
10 ~~by the permittee inside the state. The fee accrues at the time the~~  
11 ~~container containing an alcoholic beverage is delivered to the~~  
12 ~~passenger. The permittee shall remit the fees to the commission~~  
13 ~~each month under a reporting system prescribed by the commission.]~~

14       SECTION 3. Section 2001.103(d), Occupations Code, is  
15 amended to read as follows:

16       (d) An organization operating under a temporary license is  
17 subject to:

18               (1) the ~~[taxes and]~~ fees authorized or imposed by this  
19 chapter; and

20               (2) the other provisions of this chapter to the extent  
21 they can be made applicable.

22       SECTION 4. Section 2001.312, Occupations Code, is amended  
23 to read as follows:

24       Sec. 2001.312. FAILURE TO FILE ~~[TAX OR]~~ FEE REPORTS. A  
25 person is not eligible for a license or a license renewal unless all  
26 required reports ~~[, tax returns,]~~ and requested information have  
27 been filed under this chapter.

1 SECTION 5. Section 2001.355(b), Occupations Code, is  
2 amended to read as follows:

3 (b) Before temporarily suspending a license, the director  
4 of bingo operations must follow any prehearing rules adopted by the  
5 commission to determine if the license holder's continued operation  
6 may constitute:

7 (1) an immediate threat to the health, safety, morals,  
8 or welfare of the public; or

9 (2) a financial loss to this state, which includes a  
10 license holder's failure to remit [~~taxes under Section 2001.501 or~~]  
11 prize fee payments under Section 2001.502 to the commission as  
12 required by that section [~~those sections~~].

13 SECTION 6. Section 2001.437(a), Occupations Code, is  
14 amended to read as follows:

15 (a) If the unit accounting agreement of a unit states that a  
16 unit manager is responsible for compliance with commission rules  
17 and this chapter, the unit manager is responsible for:

18 (1) the filing of one quarterly report for the unit on  
19 a form prescribed by the commission; and

20 (2) the payment of [~~taxes and~~] fees and the  
21 maintenance of the bingo inventory and financial records of the  
22 unit.

23 SECTION 7. Section 2001.438(f), Occupations Code, is  
24 amended to read as follows:

25 (f) Each licensed authorized organization that is a member  
26 of the unit shall be jointly and severally liable for:

27 (1) compliance with the requirements of this

1 subchapter and the rules of the commission relating to the filing of  
2 required reports;

3 (2) the maintenance of bingo inventory and financial  
4 records; and

5 (3) the payment of [~~taxes~~] fees [~~7~~] and any penalties  
6 imposed for a violation of this subchapter or commission rules  
7 related to the operations of the unit.

8 SECTION 8. The heading to Subchapter K, Chapter 2001,  
9 Occupations Code, is amended to read as follows:

10 SUBCHAPTER K. [~~TAXES AND~~] PRIZE FEES

11 SECTION 9. Section 2001.504, Occupations Code, is amended  
12 to read as follows:

13 Sec. 2001.504. PAYMENT AND REPORTING OF [~~TAX OR~~] FEE. (a)  
14 A [~~tax or~~] fee on prizes authorized or imposed under this subchapter  
15 is due and is payable by the license holder or a person conducting  
16 bingo without a license to the commission quarterly on or before the  
17 25th day of the month succeeding each calendar quarter.

18 (b) The report of the [~~a tax or~~] fee on prizes must be filed  
19 under oath on forms prescribed by the commission.

20 (c) The commission shall adopt rules for the payment of the  
21 fee on prizes [~~taxes and fees~~].

22 (d) A license holder required to file a report of the fee on  
23 prizes [~~tax return~~] shall deliver the quarterly report [~~return~~]  
24 with the net amount of the fee [~~tax~~] due to the commission.

25 [~~(e) The commission shall deposit the revenue collected~~  
26 ~~under this section to the credit of the general revenue fund.]~~

27 SECTION 10. Section 2001.508, Occupations Code, is amended

1 to read as follows:

2           Sec. 2001.508. PENALTIES FOR FAILURE TO PAY OR REPORT. (a)  
3 If a person fails to file a report of the fee on prizes [~~return~~] as  
4 required by this chapter or fails to pay to the commission the fee  
5 on prizes [~~taxes~~] imposed under this chapter when the report  
6 [~~return~~] or payment is due, the person forfeits five percent of the  
7 amount due as a penalty, and after the first 30 days, the person  
8 forfeits an additional five percent.

9           (b) A delinquent payment of the fee on prizes [~~tax~~] accrues  
10 interest at the rate provided by Section 111.060, Tax Code,  
11 beginning on the 60th day after the due date.

12           SECTION 11. Section 2001.509, Occupations Code, is amended  
13 to read as follows:

14           Sec. 2001.509. RECOMPUTATION OF PRIZE FEE [~~TAX~~]. If the  
15 commission is not satisfied with a report of the fee on prizes [~~tax~~  
16 ~~return~~] or the amount of the fee on prizes [~~tax~~] required to be  
17 remitted under this chapter to the state by a person, the commission  
18 may compute and determine the amount required to be paid on the  
19 basis of:

20           (1) the facts contained in the report of the fee on  
21 prizes [~~return~~] or report of receipts and expenses; or

22           (2) any information possessed by the commission or  
23 that may come into the possession of the commission, without regard  
24 to the period covered by the information.

25           SECTION 12. The heading to Section 2001.510, Occupations  
26 Code, is amended to read as follows:

27           Sec. 2001.510. DETERMINATION IF NO REPORT [~~RETURN~~] MADE.

1 SECTION 13. Sections 2001.510(a) and (c), Occupations Code,  
2 are amended to read as follows:

3 (a) If a license holder fails to make a required report of  
4 the fee on prizes [~~return~~], or if a person conducts bingo without a  
5 license, the commission shall make an estimate of the prizes  
6 awarded at a bingo occasion [~~or of the gross rentals received by a~~  
7 ~~license holder for the rental of premises~~]. The commission shall  
8 make the estimate for the period in respect to which the license  
9 holder or other person failed to make a report [~~return~~].

10 (c) On the basis of the commission's estimate, the  
11 commission shall compute and determine the amount of the fee on  
12 prizes [~~taxes or fees~~] required to be paid to the state and shall  
13 add to that amount a penalty of 10 percent of the amount.

14 SECTION 14. Sections 2001.511(a) and (c), Occupations Code,  
15 are amended to read as follows:

16 (a) If the commission believes that the collection of the [~~a~~  
17 ~~gross rental tax or~~] fee on prizes, an amount of the [~~tax or~~] fee on  
18 prizes required to be remitted to the state, or the amount of a  
19 determination will be jeopardized by delay, the commission shall  
20 make a determination of the [~~tax or~~] fee on prizes or amount of the  
21 [~~tax or~~] fee required to be collected, noting the finding of  
22 jeopardy on the determination. The determined amount is due and  
23 payable immediately.

24 (c) A delinquency penalty of 10 percent of the [~~tax or~~] fee  
25 on prizes or amount of the [~~tax or~~] fee on prizes and interest at the  
26 rate of 10 percent a year attaches to the amount of the [~~tax or~~] fee  
27 on prizes or the amount of the [~~tax or~~] fee on prizes required to be

1 collected.

2 SECTION 15. Section 2001.512, Occupations Code, is amended  
3 to read as follows:

4 Sec. 2001.512. APPLICATION OF TAX LAWS. (a) Subtitle B,  
5 Title 2, Tax Code, applies to the administration, collection, and  
6 enforcement of [~~the gross rentals tax imposed under Section~~  
7 ~~2001.501 and~~] the fee on prizes imposed under Section 2001.502  
8 except as modified by this chapter.

9 (b) In applying the provisions of Subtitle B, Title 2, Tax  
10 Code, to [~~the gross rentals tax imposed under Section 2001.501 and~~]  
11 the fee on prizes imposed under Section 2001.502 only, the fee on  
12 prizes is treated as if it were a tax and the powers and duties  
13 assigned to the comptroller under that subtitle are assigned to the  
14 commission.

15 SECTION 16. Section 2001.513(a), Occupations Code, is  
16 amended to read as follows:

17 (a) At any time within three years after a person is  
18 delinquent in the payment of an amount of the [~~gross rentals tax or~~]  
19 fee on prizes, the commission may collect the amount under this  
20 section.

21 SECTION 17. Sections 2001.514(a), (c), and (d), Occupations  
22 Code, are amended to read as follows:

23 (a) To secure payment of [~~the tax on gross rentals or~~] the  
24 fee on prizes imposed under this subchapter, each license holder  
25 shall furnish to the commission:

26 (1) a cash bond;

27 (2) a bond from a surety company chartered or

1 authorized to do business in this state;

2 (3) certificates of deposit;

3 (4) certificates of savings;

4 (5) United States treasury bonds;

5 (6) subject to the approval of the commission, an  
6 assignment of negotiable stocks or bonds; or

7 (7) other security as the commission considers  
8 sufficient.

9 (c) On a license holder's failure to pay [~~the gross rentals~~  
10 ~~tax or~~] the fee on prizes imposed under this subchapter, the  
11 commission may notify the license holder and any surety of the  
12 delinquency by jeopardy or deficiency determination. If payment is  
13 not made when due, the commission may forfeit all or part of the  
14 bond or security.

15 (d) If the license holder ceases to conduct bingo and  
16 relinquishes the license holder's license, the commission shall  
17 authorize the release of all bonds and other security on a  
18 determination that no amounts of [~~the gross rentals tax or~~] the fee  
19 on prizes remain due and payable under this subchapter.

20 SECTION 18. Section 2001.515, Occupations Code, is amended  
21 to read as follows:

22 Sec. 2001.515. COMMISSION'S [~~TAX~~] DUTIES. The commission  
23 shall perform all functions incident to the administration,  
24 collection, enforcement, and operation of the fee on prizes [~~a tax~~]  
25 imposed under this subchapter.

26 SECTION 19. (a) Subchapter B, Chapter 11, Tax Code, is  
27 amended by adding Section 11.211 to read as follows:

1       Sec. 11.211. REAL PROPERTY LEASED TO CERTAIN SCHOOLS. A  
2 person is entitled to an exemption from taxation of the real  
3 property that the person owns and leases to a school that is  
4 qualified as provided by Section 11.21(d) if:

5           (1) the real property is used exclusively by the  
6 school for educational functions;

7           (2) the real property is reasonably necessary for the  
8 operation of the school;

9           (3) the owner certifies by affidavit to the school  
10 that the rent for the lease of the real property will be reduced by  
11 an amount equal to the amount by which the taxes on the property are  
12 reduced as a result of the exemption;

13           (4) the owner provides the school with a disclosure  
14 document stating the amount by which the taxes on the real property  
15 are reduced as a result of the exemption and the method the owner  
16 will implement to ensure that the rent charged for the lease of the  
17 property fully reflects that reduction; and

18           (5) the rent charged for the lease of the real property  
19 reflects the reduction in the amount of taxes on the property  
20 resulting from the exemption through a monthly or annual credit  
21 against the rent.

22       (b) This section applies only to ad valorem taxes imposed  
23 for a tax year beginning on or after the effective date of this  
24 section.

25       SECTION 20. (a) Section 11.231, Tax Code, is amended by  
26 adding Subsection (a-1) to read as follows:

27       (a-1) In addition to an organization described by

1 Subsection (a), in this section, "nonprofit community business  
2 organization" also means a Type A corporation governed by Chapter  
3 504, Local Government Code, and a Type B corporation governed by  
4 Chapter 505, Local Government Code.

5 (b) This section applies only to ad valorem taxes imposed  
6 for a tax year that begins on or after the effective date of this  
7 section.

8 SECTION 21. Section 151.314, Tax Code, is amended by  
9 amending Subsections (b-1), (c-2), and (h) and adding Subsection  
10 (c-4) to read as follows:

11 (b-1) For purposes of this section, "snack items" means  
12 [~~includes~~]:

13 (1) breakfast bars, granola bars, nutrition bars,  
14 sports bars, protein bars, or yogurt bars, unless labeled and  
15 marketed as candy;

16 (2) snack mix or trail mix;

17 (3) nuts, but not including pine nuts or [~~unless~~]  
18 candy-coated nuts;

19 (4) popcorn; [~~and~~]

20 (5) chips, crackers, [~~or~~] hard pretzels, pork rinds,  
21 or corn nuts;

22 (6) sunflower seeds or pumpkin seeds;

23 (7) ice cream, sherbet, or frozen yogurt; and

24 (8) ice pops, juice pops, sorbet, or other frozen  
25 fruit items containing not more than 50 percent fruit juice by  
26 volume.

27 (c-2) The exemption provided by Subsection (a) does not

1 include the following prepared food:

2 (1) food, food products, and drinks, including meals,  
3 milk and milk products, fruit and fruit products, sandwiches,  
4 salads, processed meats and seafoods, vegetable juice, and ice  
5 cream in cones or small cups, served, prepared, or sold ready for  
6 immediate consumption [~~in or~~] by restaurants, lunch counters,  
7 cafeterias, delis, vending machines, hotels, or like places of  
8 business or sold ready for immediate consumption from pushcarts,  
9 motor vehicles, or any other form of vehicle;

10 (2) food sold in a heated state or heated by the  
11 seller; or

12 (3) two or more food ingredients mixed or combined by  
13 the seller for sale as a single item, including items that are sold  
14 in an unheated state by weight or volume as a single item, but not  
15 including food that is only cut, repackaged, or pasteurized by the  
16 seller.

17 (c-4) For purposes of Subdivision (c-2)(1), if a grocery  
18 store or convenience store contains a type of location listed in  
19 that subdivision, the store is considered a like place of business  
20 for purposes of that subdivision, but only in relation to items sold  
21 at that location.

22 (h) The exemption provided by Subsection (a) does not apply  
23 to a snack item if the item is sold through a vending machine or is  
24 sold in individual-sized portions. For purposes of this  
25 subsection, an individual-sized portion is a portion that:

26 (1) is labeled as having not more than one serving; or  
27 (2) contains less than 2.5 ounces [~~if the package~~

1 ~~does not specify the number of servings].~~

2 SECTION 22. (a) Section 156.001, Tax Code, is amended to  
3 read as follows:

4 Sec. 156.001. DEFINITIONS [~~DEFINITION~~]. (a) In this  
5 chapter, "hotel" means a building in which members of the public  
6 obtain sleeping accommodations for consideration. The term  
7 includes a hotel, motel, tourist home, tourist house, tourist  
8 court, lodging house, inn, rooming house, or bed and breakfast. The  
9 term does not include:

- 10 (1) a hospital, sanitarium, or nursing home;
- 11 (2) a dormitory or other housing facility owned or  
12 leased and operated by an institution of higher education or a  
13 private or independent institution of higher education as those  
14 terms are defined by Section 61.003, Education Code, used by the  
15 institution for the purpose of providing sleeping accommodations  
16 for persons engaged in an educational program or activity at the  
17 institution; or
- 18 (3) an oilfield portable unit, as defined by Section  
19 152.001.

20 (b) For purposes of the imposition of a hotel occupancy tax  
21 under this chapter, Chapter 351 or 352, or other law, "hotel"  
22 includes a short-term rental. In this subsection, "short-term  
23 rental" means the rental of all or part of a residential property to  
24 a person who is not a permanent resident under Section 156.101.

25 (b) The heading to Section 351.005, Tax Code, is amended to  
26 read as follows:

27 Sec. 351.005. REIMBURSEMENT FOR [~~TAX COLLECTION~~] EXPENSES

1 OF TAX COLLECTION AND USE OF ELECTRONIC TAX ADMINISTRATION SYSTEM.

2 (c) Section 351.005(a), Tax Code, is amended to read as  
3 follows:

4 (a) A municipality may permit a person who is required to  
5 collect and pay over to the municipality the tax authorized by this  
6 chapter not more than one percent of the amount collected and  
7 required to be reported as reimbursement to the person for the costs  
8 in collecting the tax and, if applicable, the use of an electronic  
9 tax administration system described by Section 351.1012.

10 (d) Subchapter B, Chapter 351, Tax Code, is amended by  
11 adding Section 351.1012 to read as follows:

12 Sec. 351.1012. ELECTRONIC TAX ADMINISTRATION SYSTEM. (a)  
13 Notwithstanding any other provision of this chapter, a municipality  
14 may spend not more than one percent of the revenue derived from the  
15 tax authorized by this chapter for the creation, maintenance,  
16 operation, and administration of an electronic tax administration  
17 system.

18 (b) A municipality may contract with a third party to assist  
19 in the creation, maintenance, operation, or administration of the  
20 electronic tax administration system.

21 (e) The amendments made by this section to Section 156.001,  
22 Tax Code, are a clarification of existing law and do not imply that  
23 existing law may be construed as inconsistent with the law as  
24 amended by this section.

25 (f) This section takes effect immediately if this Act  
26 receives a vote of two-thirds of all the members elected to each  
27 house, as provided by Section 39, Article III, Texas Constitution.

1 If this Act does not receive the vote necessary for this section to  
2 have immediate effect, this section takes effect September 1, 2015.

3 SECTION 23. Sections 162.001(38), (39), and (42), Tax Code,  
4 are amended to read as follows:

5 (38) "License holder" means a person licensed by the  
6 comptroller under Section 162.105, 162.205, [~~162.304, 162.305,~~  
7 ~~162.306,~~] 162.357, or 162.358.

8 (39) "Liquefied gas" means all combustible gases that  
9 exist in the gaseous state at 60 degrees Fahrenheit and at a  
10 pressure of 14.7 pounds per square inch absolute, but does not  
11 include compressed natural gas, liquefied natural gas, gasoline, or  
12 diesel fuel. Liquefied gas is considered a special fuel for  
13 purposes of Section 151.308.

14 (42) "Motor fuel" means gasoline, diesel fuel,  
15 [~~liquefied gas,~~] gasoline blended fuel, compressed natural gas,  
16 liquefied natural gas, and other products that are offered for  
17 sale, sold, used, or capable of use as fuel for a gasoline-powered  
18 engine or a diesel-powered engine.

19 SECTION 24. Section 162.104(a), Tax Code, is amended to  
20 read as follows:

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

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

27 (2) sold to a public school district in this state for

1 the district's exclusive use;

2 (3) sold to 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 gasoline only to provide those services;

7 (4) exported by either a licensed supplier or a  
8 licensed exporter from this state to any other state, provided  
9 that:

10 (A) for gasoline in a situation described by  
11 Subsection (d), the bill of lading indicates the destination state  
12 and the supplier collects the destination state tax; or

13 (B) for gasoline in a situation described by  
14 Subsection (e), the bill of lading indicates the destination state,  
15 the gasoline is subsequently exported, and the exporter is licensed  
16 in the destination state to pay that state's tax and has an  
17 exporter's license issued under this subchapter;

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

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

1 fuel exclusively into the fuel supply tanks of aircraft or aircraft  
2 servicing equipment;

3 (7) exported to a foreign country if the bill of lading  
4 indicates the foreign destination and the fuel is actually exported  
5 to the foreign country; ~~[or]~~

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

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

13 SECTION 25. Section 162.125, Tax Code, is amended by adding  
14 Subsection (g-2) to read as follows:

15 (g-2) A nonprofit entity exempted under Section  
16 162.104(a)(9) from the tax imposed under this subchapter that paid  
17 tax on the purchase of gasoline is entitled to a refund of the tax  
18 paid, and the entity may file a refund claim with the comptroller  
19 for that amount.

20 SECTION 26. Section 162.204(a), Tax Code, is amended to  
21 read as follows:

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

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

27 (2) diesel fuel sold to a public school district in

1 this state for the district's exclusive use;

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

8 (4) diesel fuel exported by either a licensed supplier  
9 or a licensed exporter from this state to any other state, provided  
10 that:

11 (A) for diesel fuel in a situation described by  
12 Subsection (d), the bill of lading indicates the destination state  
13 and the supplier collects the destination state tax; or

14 (B) for diesel fuel in a situation described by  
15 Subsection (e), the bill of lading indicates the destination state,  
16 the diesel fuel is subsequently exported, and the exporter is  
17 licensed in the destination state to pay that state's tax and has an  
18 exporter's license issued under this subchapter;

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

24 (6) diesel fuel delivered or sold into a storage  
25 facility of a licensed aviation fuel dealer from which the diesel  
26 fuel will be delivered solely into the fuel supply tanks of aircraft  
27 or aircraft servicing equipment, or sold from one licensed aviation

1 fuel dealer to another licensed aviation fuel dealer who will  
2 deliver the diesel fuel exclusively into the fuel supply tanks of  
3 aircraft or aircraft servicing equipment;

4 (7) diesel fuel exported to a foreign country if the  
5 bill of lading indicates the foreign destination and the fuel is  
6 actually exported to the foreign country;

7 (8) dyed diesel fuel sold or delivered by a supplier to  
8 another supplier and dyed diesel fuel sold or delivered by a  
9 supplier or distributor into the bulk storage facility of a dyed  
10 diesel fuel bonded user or to a purchaser who provides a signed  
11 statement as provided by Section 162.206;

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

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

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

25 (12) dyed kerosene when delivered by a supplier,  
26 distributor, or importer into a storage facility at a retail  
27 business from which all deliveries are exclusively for heating,

1 cooking, lighting, or similar nonhighway use;

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

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

8 (B) is used exclusively to transport passengers  
9 for compensation or hire between points in this state on a fixed  
10 route or schedule; [~~or~~]

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

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

18 SECTION 27. Section 162.227, Tax Code, is amended by adding  
19 Subsection (f-2) to read as follows:

20 (f-2) A nonprofit entity exempted under Section  
21 162.204(a)(15) from the tax imposed under this subchapter that paid  
22 tax on the purchase of diesel fuel is entitled to a refund of the tax  
23 paid, and the entity may file a refund claim with the comptroller  
24 for that amount.

25 SECTION 28. Section 162.356, Tax Code, is amended to read as  
26 follows:

27 Sec. 162.356. EXEMPTIONS. (a) The tax imposed by this

1 subchapter does not apply to compressed natural gas or liquefied  
2 natural gas delivered into the fuel supply tank of:

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

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

9 (3) a motor vehicle operated exclusively by a  
10 commercial transportation company or a metropolitan rapid transit  
11 authority operating under Chapter 451, Transportation Code, that  
12 provides public school transportation services to a school district  
13 under Section 34.008, Education Code, and that uses the fuel only to  
14 provide those services;

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

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

19 (6) a motor vehicle operated exclusively by a  
20 nonprofit electric cooperative corporation organized under Chapter  
21 161, Utilities Code;

22 (7) a motor vehicle operated exclusively by a  
23 nonprofit telephone cooperative corporation organized under  
24 Chapter 162, Utilities Code;

25 (8) a motor vehicle that is not registered for use on  
26 the public highways of this state and that is used exclusively  
27 off-highway; [~~or~~]

1           (9) a motor vehicle operated exclusively by a  
2 nonprofit entity that is organized for the sole purpose of and  
3 engages exclusively in providing emergency medical services and  
4 that uses the fuel exclusively to provide emergency medical  
5 services, including rescue and ambulance services;

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

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

13           (A) used to provide the services of a transit  
14 company, including a metropolitan rapid transit authority under  
15 Chapter 451, Transportation Code, or a regional transportation  
16 authority under Chapter 452, Transportation Code; and

17           (B) operated by a person who on January 1, 2015,  
18 paid tax on compressed natural gas or liquefied natural gas as  
19 provided by Section 162.312, as that section existed on that date.

20           (b) The exemption provided by Subsection (a)(11) does not  
21 apply to compressed natural gas or liquefied natural gas delivered  
22 into the fuel supply tank of a motor vehicle from a refueling  
23 facility accessible to motor vehicles other than those described by  
24 Subsection (a)(11)(A).

25           SECTION 29. Section 162.365(a), Tax Code, is amended to  
26 read as follows:

27           (a) A license holder may take a credit on a return for the

1 period in which the purchase occurred, and a person who does not  
2 hold a license under this subchapter may file a refund claim with  
3 the comptroller if the license holder or person paid tax on  
4 compressed natural gas or liquefied natural gas and the license  
5 holder or person:

6 (1) is the United States government and the fuel was  
7 delivered into the fuel supply tank of a motor vehicle operated  
8 exclusively by the United States, provided that a credit or refund  
9 is not allowed for fuel delivered into the fuel supply tank of a  
10 motor vehicle operated by a person operating under a contract with  
11 the United States;

12 (2) is a public school district in this state and the  
13 fuel was delivered into the fuel supply tank of a motor vehicle  
14 operated exclusively by the district;

15 (3) is a commercial transportation company that  
16 provides public school transportation services to a school district  
17 under Section 34.008, Education Code, and the fuel was delivered  
18 into the fuel supply tank of a motor vehicle used to provide those  
19 services;

20 (4) is a volunteer fire department in this state and  
21 the fuel was delivered into the fuel supply tank of a motor vehicle  
22 operated exclusively by the department;

23 (5) is a municipality or county in this state and the  
24 fuel was delivered into the fuel supply tank of a motor vehicle  
25 operated exclusively by the municipality or county;

26 (6) is a nonprofit electric cooperative corporation  
27 organized under Chapter 161, Utilities Code, and the fuel was

1 delivered into the fuel supply tank of a motor vehicle operated  
2 exclusively by the electric cooperative;

3 (7) is a nonprofit telephone cooperative corporation  
4 organized under Chapter 162, Utilities Code, and the fuel was  
5 delivered into the fuel supply tank of a motor vehicle operated  
6 exclusively by the telephone cooperative;

7 (8) uses the fuel in off-highway equipment, in a  
8 stationary engine, in a motorboat, in an aircraft, in equipment  
9 used solely for servicing aircraft and used exclusively  
10 off-highway, in a locomotive, or for other nonhighway purposes and  
11 not in a motor vehicle operated or intended to be operated on the  
12 public highways; ~~or~~

13 (9) uses the fuel in a motor vehicle that is operated  
14 exclusively off-highway, except for incidental travel on the public  
15 highways as determined by the comptroller, provided that a credit  
16 or refund may not be allowed for the portion used in the incidental  
17 highway travel; or

18 (10) is a nonprofit entity that is organized for the  
19 sole purpose of and engages exclusively in providing emergency  
20 medical services and the fuel was delivered into the fuel supply  
21 tank of a motor vehicle operated exclusively by the nonprofit  
22 entity to provide emergency medical services, including rescue and  
23 ambulance services.

24 SECTION 30. Section 162.402(a), Tax Code, is amended to  
25 read as follows:

26 (a) A person forfeits to the state a civil penalty of not  
27 less than \$25 and not more than \$200 if the person:

1 (1) refuses to stop and permit the inspection and  
2 examination of a motor vehicle transporting or using motor fuel on  
3 demand of a peace officer or the comptroller;

4 (2) operates a motor vehicle in this state without a  
5 valid interstate trucker's license or a trip permit when the person  
6 is required to hold one of those licenses or permits;

7 ~~(3) [operates a liquefied gas-propelled motor vehicle  
8 that is required to be licensed in this state, including motor  
9 vehicles equipped with dual carburetion, and does not display a  
10 current liquefied gas tax decal or multistate fuels tax agreement  
11 decal;~~

12 ~~[(4) makes a tax-free sale or delivery of liquefied  
13 gas into the fuel supply tank of a motor vehicle that does not  
14 display a current Texas liquefied gas tax decal;~~

15 ~~[(5) makes a taxable sale or delivery of liquefied gas  
16 without holding a valid dealer's license;~~

17 ~~[(6) makes a tax-free sale or delivery of liquefied  
18 gas into the fuel supply tank of a motor vehicle bearing  
19 out-of-state license plates;~~

20 ~~[(7) makes a delivery of liquefied gas into the fuel  
21 supply tank of a motor vehicle bearing Texas license plates and no  
22 Texas liquefied gas tax decal, unless licensed under a multistate  
23 fuels tax agreement;~~

24 ~~[(8)] transports gasoline or diesel fuel in any cargo  
25 tank that has a connection by pipe, tube, valve, or otherwise with  
26 the fuel injector or carburetor of, or with the fuel supply tank  
27 feeding the fuel injector or carburetor of, the motor vehicle~~

1 transporting the product;

2           (4) [~~(9)~~] sells or delivers gasoline or diesel fuel  
3 from any fuel supply tank connected with the fuel injector or  
4 carburetor of a motor vehicle;

5           (5) [~~(10)~~] owns or operates a motor vehicle for which  
6 reports or mileage records are required by this chapter without an  
7 operating odometer or other device in good working condition to  
8 record accurately the miles traveled;

9           (6) [~~(11)~~] furnishes to a licensed supplier or  
10 distributor a signed statement for purchasing diesel fuel tax-free  
11 and then uses the tax-free diesel fuel to operate a diesel-powered  
12 motor vehicle on a public highway;

13           (7) [~~(12)~~] fails or refuses to comply with or violates  
14 a provision of this chapter;

15           (8) [~~(13)~~] fails or refuses to comply with or violates  
16 a comptroller's rule for administering or enforcing this chapter;

17           (9) [~~(14)~~] is an importer who does not obtain an  
18 import verification number when required by this chapter;

19           (10) [~~(15)~~] purchases motor fuel for export, on which  
20 the tax imposed by this chapter has not been paid, and subsequently  
21 diverts or causes the motor fuel to be diverted to a destination in  
22 this state or any other state or country other than the originally  
23 designated state or country without first obtaining a diversion  
24 number;

25           (11) [~~(16)~~] delivers compressed natural gas or  
26 liquefied natural gas into the fuel supply tank of a motor vehicle  
27 and the person does not hold a valid compressed natural gas and

1 liquefied natural gas dealer's license; or

2           (12) [~~17~~] makes a tax-free delivery of compressed  
3 natural gas or liquefied natural gas into the fuel supply tank of a  
4 motor vehicle, unless the delivery is exempt from tax under Section  
5 162.356.

6           SECTION 31. Section 162.403, Tax Code, is amended to read as  
7 follows:

8           Sec. 162.403. CRIMINAL OFFENSES. Except as provided by  
9 Section 162.404, a person commits an offense if the person:

10           (1) refuses to stop and permit the inspection and  
11 examination of a motor vehicle transporting or using motor fuel on  
12 the demand of a peace officer or the comptroller;

13           (2) is required to hold a valid trip permit or  
14 interstate trucker's license, but operates a motor vehicle in this  
15 state without a valid trip permit or interstate trucker's license;

16           (3) [~~operates a liquefied gas-propelled motor vehicle~~  
17 ~~that is required to be licensed in this state, including a motor~~  
18 ~~vehicle equipped with dual carburetion, and does not display a~~  
19 ~~current liquefied gas tax decal or multistate fuels tax agreement~~  
20 ~~decal,~~

21           [~~4~~] transports gasoline or diesel fuel in any cargo  
22 tank that has a connection by pipe, tube, valve, or otherwise with  
23 the fuel injector or carburetor or with the fuel supply tank feeding  
24 the fuel injector or carburetor of the motor vehicle transporting  
25 the product;

26           (4) [~~5~~] sells or delivers gasoline or diesel fuel  
27 from a fuel supply tank that is connected with the fuel injector or

1 carburetor of a motor vehicle;

2           (5) [~~46~~] owns or operates a motor vehicle for which  
3 reports or mileage records are required by this chapter without an  
4 operating odometer or other device in good working condition to  
5 record accurately the miles traveled;

6           (6) [~~47~~] sells or delivers dyed diesel fuel for the  
7 operation of a motor vehicle on a public highway;

8           (7) [~~48~~] uses dyed diesel fuel for the operation of a  
9 motor vehicle on a public highway except as allowed under Section  
10 162.235;

11           ~~(8) [(9) makes a tax-free sale or delivery of~~  
12 ~~liquefied gas into the fuel supply tank of a motor vehicle that does~~  
13 ~~not display a current Texas liquefied gas tax decal,~~

14           ~~[(10) makes a sale or delivery of liquefied gas on~~  
15 ~~which the person knows the tax is required to be collected, if at~~  
16 ~~the time the sale is made the person does not hold a valid dealer's~~  
17 ~~license,~~

18           ~~[(11) makes a tax-free sale or delivery of liquefied~~  
19 ~~gas into the fuel supply tank of a motor vehicle bearing~~  
20 ~~out-of-state license plates,~~

21           ~~[(12) makes a delivery of liquefied gas into the fuel~~  
22 ~~supply tank of a motor vehicle bearing Texas license plates and no~~  
23 ~~Texas liquefied gas tax decal, unless licensed under a multistate~~  
24 ~~fuels tax agreement,~~

25           ~~[(13)]~~ refuses to permit the comptroller or the  
26 attorney general to inspect, examine, or audit a book or record  
27 required to be kept by a license holder, other user, or any person

1 required to hold a license under this chapter;

2           (9) [~~14~~] refuses to permit the comptroller or the  
3 attorney general to inspect or examine any plant, equipment,  
4 materials, or premises where motor fuel is produced, processed,  
5 blended, stored, sold, delivered, or used;

6           (10) [~~15~~] refuses to permit the comptroller, the  
7 attorney general, an employee of either of those officials, a peace  
8 officer, an employee of the Texas Commission on Environmental  
9 Quality, or an employee of the Department of Agriculture to measure  
10 or gauge the contents of or take samples from a storage tank or  
11 container on premises where motor fuel is produced, processed,  
12 blended, stored, sold, delivered, or used;

13           (11) [~~16~~] is a license holder, a person required to  
14 be licensed, or another user and fails or refuses to make or deliver  
15 to the comptroller a report required by this chapter to be made and  
16 delivered to the comptroller;

17           (12) [~~17~~] is an importer who does not obtain an  
18 import verification number when required by this chapter;

19           (13) [~~18~~] purchases motor fuel for export, on which  
20 the tax imposed by this chapter has not been paid, and subsequently  
21 diverts or causes the motor fuel to be diverted to a destination in  
22 this state or any other state or country other than the originally  
23 designated state or country without first obtaining a diversion  
24 number;

25           (14) [~~19~~] conceals motor fuel with the intent of  
26 engaging in any conduct proscribed by this chapter or refuses to  
27 make sales of motor fuel on the volume-corrected basis prescribed

1 by this chapter;

2 (15) [~~(20)~~] refuses, while transporting motor fuel,  
3 to stop the motor vehicle the person is operating when called on to  
4 do so by a person authorized to stop the motor vehicle;

5 (16) [~~(21)~~] refuses to surrender a motor vehicle and  
6 cargo for impoundment after being ordered to do so by a person  
7 authorized to impound the motor vehicle and cargo;

8 (17) [~~(22)~~] mutilates, destroys, or secretes a book or  
9 record required by this chapter to be kept by a license holder,  
10 other user, or person required to hold a license under this chapter;

11 (18) [~~(23)~~] is a license holder, other user, or other  
12 person required to hold a license under this chapter, or the agent  
13 or employee of one of those persons, and makes a false entry or  
14 fails to make an entry in the books and records required under this  
15 chapter to be made by the person or fails to retain a document as  
16 required by this chapter;

17 (19) [~~(24)~~] transports in any manner motor fuel under  
18 a false cargo manifest or shipping document, or transports in any  
19 manner motor fuel to a location without delivering at the same time  
20 a shipping document relating to that shipment;

21 (20) [~~(25)~~] engages in a motor fuel transaction that  
22 requires that the person have a license under this chapter without  
23 then and there holding the required license;

24 (21) [~~(26)~~] makes and delivers to the comptroller a  
25 report required under this chapter to be made and delivered to the  
26 comptroller, if the report contains false information;

27 (22) [~~(27)~~] forges, falsifies, or alters an invoice or

1 shipping document prescribed by law;

2 (23) [~~(28)~~] makes any statement, knowing said  
3 statement to be false, in a claim for a tax refund filed with the  
4 comptroller;

5 (24) [~~(29)~~] furnishes to a licensed supplier or  
6 distributor a signed statement for purchasing diesel fuel tax-free  
7 and then uses the tax-free diesel fuel to operate a diesel-powered  
8 motor vehicle on a public highway;

9 (25) [~~(30)~~] holds an aviation fuel dealer's license  
10 and makes a taxable sale or use of any gasoline or diesel fuel;

11 (26) [~~(31)~~] fails to remit any tax funds collected or  
12 required to be collected by a license holder, another user, or any  
13 other person required to hold a license under this chapter;

14 (27) [~~(32)~~] makes a sale of dyed diesel fuel tax-free  
15 into a storage facility of a person who:

16 (A) is not licensed as a distributor, as an  
17 aviation fuel dealer, or as a dyed diesel fuel bonded user; or

18 (B) does not furnish to the licensed supplier or  
19 distributor a signed statement prescribed in Section 162.206;

20 (28) [~~(33)~~] makes a sale of gasoline tax-free to any  
21 person who is not licensed as an aviation fuel dealer;

22 (29) [~~(34)~~] purchases any motor fuel tax-free when not  
23 authorized to make a tax-free purchase under this chapter;

24 (30) [~~(35)~~] purchases motor fuel with the intent to  
25 evade any tax imposed by this chapter or accepts a delivery of motor  
26 fuel by any means and does not at the same time accept or receive a  
27 shipping document relating to the delivery;

1           (31) [~~(36)~~] transports motor fuel for which a cargo  
2 manifest or shipping document is required to be carried without  
3 possessing or exhibiting on demand by an officer authorized to make  
4 the demand a cargo manifest or shipping document containing the  
5 information required to be shown on the manifest or shipping  
6 document;

7           (32) [~~(37)~~] imports, sells, uses, blends,  
8 distributes, or stores motor fuel within this state on which the  
9 taxes imposed by this chapter are owed but have not been first paid  
10 to or reported by a license holder, another user, or any other  
11 person required to hold a license under this chapter;

12           (33) [~~(38)~~] blends products together to produce a  
13 blended fuel that is offered for sale, sold, or used and that  
14 expands the volume of the original product to evade paying  
15 applicable motor fuel taxes;

16           (34) [~~(39)~~] evades or attempts to evade in any manner  
17 a tax imposed on motor fuel by this chapter;

18           (35) [~~(40)~~] delivers compressed natural gas or  
19 liquefied natural gas into the fuel supply tank of a motor vehicle  
20 and the person does not hold a valid compressed natural gas and  
21 liquefied natural gas dealer's license; or

22           (36) [~~(41)~~] makes a tax-free delivery of compressed  
23 natural gas or liquefied natural gas into the fuel supply tank of a  
24 motor vehicle, unless the delivery is exempt from tax under Section  
25 162.356.

26           SECTION 32. Section 162.404, Tax Code, is amended to read as  
27 follows:

1           Sec. 162.404. CRIMINAL OFFENSES: SPECIAL PROVISIONS AND  
2 EXCEPTIONS. (a) A person does not commit an offense under Section  
3 162.403 unless the person intentionally or knowingly engaged in  
4 conduct as the definition of the offense requires, except that no  
5 culpable mental state is required for an offense under Section  
6 162.403(5) [~~162.403(6)~~].

7           (b) Each day that a refusal prohibited under Section  
8 162.403(8), (9), or (10) [~~162.403(13), (14), or (15)~~] continues is  
9 a separate offense.

10           (c) The prohibition under Section 162.403(27) [~~162.403(32)~~]  
11 does not apply to the tax-free sale or distribution of diesel fuel  
12 authorized by Section 162.204(a)(1) [~~162.204(1)~~], (2), or (3).

13           (d) The prohibition under Section 162.403(28) [~~162.403(33)~~]  
14 does not apply to the tax-free sale or distribution of gasoline  
15 under Section 162.104(a)(1) [~~162.104(1)~~], (2), or (3).

16           SECTION 33. Section 162.405, Tax Code, is amended to read as  
17 follows:

18           Sec. 162.405. CRIMINAL PENALTIES. (a) An offense under  
19 Section 162.403(1), (2), (3), (4), (5), [~~(6)~~] or (7) [~~(8)~~] is a  
20 Class C misdemeanor.

21           (b) An offense under Section 162.403(8), (9) [~~162.403(9)~~],  
22 (10), (11), (12), (13), (35), or (36) [~~(14), (15), (16), (17), (18),~~  
23 ~~(40), or (41)~~] is a Class B misdemeanor.

24           (c) An offense under Section 162.403(14), (15), or (16)  
25 [~~162.403(19), (20), or (21)~~] is a Class A misdemeanor.

26           (d) An offense under Section 162.403(6), (17), (18), (19),  
27 (20), (21) [~~162.403(7)~~], (22), (23), or (24) [~~(25), (26), (27)~~],

1 ~~(28), or (29)]~~ is a felony of the third degree.

2 (e) An offense under Section 162.403(25), (26), (27), (28),  
3 (29), (30) [~~162.403(30)~~], (31), (32), (33), or (34) [~~(35), (36),~~  
4 ~~(37), (38), or (39)]~~ is a felony of the second degree.

5 (f) Violations of three or more separate offenses under the  
6 following sections committed pursuant to one scheme or continuous  
7 course of conduct may be considered as one offense and punished as a  
8 felony of the second degree:

9 (1) Section 162.403(6) [~~162.403(7)~~];

10 (2) Sections 162.403(8) [~~162.403(13)~~] through (11)  
11 [~~(16)~~]; or

12 (3) Sections 162.403(17) [~~162.403(22)~~] through (24)  
13 [~~(29)~~].

14 SECTION 34. Section 548.051(a), Transportation Code, is  
15 amended to read as follows:

16 (a) A motor vehicle, trailer, semitrailer, pole trailer, or  
17 mobile home, registered in this state, must have the following  
18 items inspected at an inspection station or by an inspector:

19 (1) tires;

20 (2) wheel assembly;

21 (3) safety guards or flaps, if required by Section  
22 547.606;

23 (4) brake system, including power brake unit;

24 (5) steering system, including power steering;

25 (6) lighting equipment;

26 (7) horns and warning devices;

27 (8) mirrors;

- 1           (9) windshield wipers;
- 2           (10) sunscreening devices, unless the vehicle is
- 3 exempt from sunscreen device restrictions under Section 547.613;
- 4           (11) front seat belts in vehicles on which seat belt
- 5 anchorages were part of the manufacturer's original equipment;
- 6           (12) ~~[tax decal, if required by Section 548.104(d)(1),~~
- 7           ~~(13)]~~ exhaust system;
- 8           (13) ~~(14)]~~ exhaust emission system;
- 9           (14) ~~(15)]~~ fuel tank cap, using pressurized testing
- 10 equipment approved by department rule; and
- 11           (15) ~~(16)]~~ emissions control equipment as designated
- 12 by department rule.

13           SECTION 35. Section 548.104(d), Transportation Code, is

14 amended to read as follows:

15           (d) An inspection station or inspector may not issue a

16 passing vehicle inspection report for a vehicle equipped with:

17           (1) ~~[a carburetion device permitting the use of~~

18 ~~liquefied gas alone or interchangeably with another fuel, unless a~~

19 ~~valid liquefied gas tax decal issued by the comptroller is attached~~

20 ~~to the lower right-hand corner of the front windshield of the~~

21 ~~vehicle on the passenger side,~~

22           ~~(2)]~~ a suncreening device prohibited by Section

23 547.613, except that the department by rule shall provide

24 procedures for issuance of a passing vehicle inspection report for

25 a vehicle exempt under Section 547.613(c); or

26           (2) ~~(3)]~~ a compressed natural gas container unless

27 the owner demonstrates in accordance with department rules proof:

1 (A) that:

2 (i) the container has met the inspection  
3 requirements under 49 C.F.R. Section 571.304; and

4 (ii) the manufacturer's recommended service  
5 life for the container, as stated on the container label required by  
6 49 C.F.R. Section 571.304, has not expired; or

7 (B) that the vehicle is a fleet vehicle for which  
8 the fleet operator employs a technician certified to inspect the  
9 container.

10 SECTION 36. The following are repealed:

- 11 (1) Section 411.109(c), Government Code;  
12 (2) Section 2001.501, Occupations Code;  
13 (3) Section 111.021(j), Tax Code;  
14 (4) Chapter 159, Tax Code;  
15 (5) Section 162.001(40), Tax Code;  
16 (6) Subchapter D, Chapter 162, Tax Code; and  
17 (7) Section 162.505, Tax Code.

18 SECTION 37. (a) The change in law made by this Act to  
19 Section 162.402(a), Tax Code, applies only to a violation that  
20 occurs on or after the effective date of this Act. A violation that  
21 occurred before the effective date of this Act is governed by the  
22 law in effect on the date the violation occurred, and the former law  
23 is continued in effect for that purpose.

24 (b) The changes in law made by this Act to Sections 162.403,  
25 162.404, and 162.405, Tax Code, apply only to an offense committed  
26 on or after the effective date of this Act. An offense committed  
27 before the effective date of this Act is governed by the law in

1 effect on the date the offense was committed, and the former law is  
2 continued in effect for that purpose. For purposes of this section,  
3 an offense was committed before the effective date of this Act if  
4 any element of the offense occurred before that date.

5 (c) The comptroller of public accounts shall issue to a  
6 person who holds a liquefied gas tax decal license under Section  
7 162.305, Tax Code, that is valid on or after the effective date of  
8 this Act a pro rata refund of the unused portion of the advanced  
9 taxes paid for the period after the effective date of this Act.

10 SECTION 38. The changes in law made by this Act do not  
11 affect tax liability accruing before the effective date of this  
12 Act. That liability continues in effect as if this Act had not been  
13 enacted, and the former law is continued in effect for the  
14 collection of taxes due and for civil and criminal enforcement of  
15 the liability for those taxes.

16 SECTION 39. (a) Except as otherwise provided by this Act,  
17 this Act takes effect September 1, 2015.

18 (b) Section 19 of this Act takes effect January 1, 2016, but  
19 only if a constitutional amendment authorizing the legislature to  
20 exempt from ad valorem taxation real property leased to certain  
21 schools organized and operated primarily for the purpose of  
22 engaging in educational functions is approved by the voters. If  
23 that amendment is not approved by the voters, Section 19 of this Act  
24 has no effect.

25 (c) Section 20 of this Act takes effect January 1, 2016.

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SECTIONS 1-2. Section 34.04, and Section 48.04, Alcoholic Beverage Code, are amended.

SECTIONS 1-2. Same as House version.

SECTIONS 1-2. Same as House version.

*No equivalent provision.*

*No equivalent provision.*

SECTION 3. Section 2001.103(d), Occupations Code, is amended to read as follows:

(d) An organization operating under a temporary license is subject to:

(1) the [~~taxes and~~] fees authorized or imposed by this chapter; and

(2) the other provisions of this chapter to the extent they can be made applicable.

*[The conference committee may have exceeded the limitations imposed on its jurisdiction, but only the presiding officer can make the final determination on this issue.]*

*No equivalent provision.*

*No equivalent provision.*

SECTION 4. Section 2001.312, Occupations Code, is amended to read as follows:

Sec. 2001.312. FAILURE TO FILE [~~TAX OR~~] FEE REPORTS. A person is not eligible for a license or a license renewal unless all required reports [~~, tax returns,~~] and requested information have been filed under this chapter.

*[The conference committee may have exceeded the limitations imposed on its jurisdiction, but only the presiding officer can make the final determination on this issue.]*

*No equivalent provision.*

*No equivalent provision.*

SECTION 5. Section 2001.355(b), Occupations Code, is amended to read as follows:

(b) Before temporarily suspending a license, the director of bingo operations must follow any prehearing rules adopted by

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the commission to determine if the license holder's continued operation may constitute:

- (1) an immediate threat to the health, safety, morals, or welfare of the public; or
- (2) a financial loss to this state, which includes a license holder's failure to remit [~~taxes under Section 2001.501 or~~] prize fee payments under Section 2001.502 to the commission as required by that section [~~those sections~~].

*[The conference committee may have exceeded the limitations imposed on its jurisdiction, but only the presiding officer can make the final determination on this issue.]*

*No equivalent provision.*

*No equivalent provision.*

SECTION 6. Section 2001.437(a), Occupations Code, is amended to read as follows:

- (a) If the unit accounting agreement of a unit states that a unit manager is responsible for compliance with commission rules and this chapter, the unit manager is responsible for:
- (1) the filing of one quarterly report for the unit on a form prescribed by the commission; and
  - (2) the payment of [~~taxes and~~] fees and the maintenance of the bingo inventory and financial records of the unit.

*[The conference committee may have exceeded the limitations imposed on its jurisdiction, but only the presiding officer can make the final determination on this issue.]*

*No equivalent provision.*

*No equivalent provision.*

SECTION 7. Section 2001.438(f), Occupations Code, is amended to read as follows:

- (f) Each licensed authorized organization that is a member of the unit shall be jointly and severally liable for:
- (1) compliance with the requirements of this subchapter and

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the rules of the commission relating to the filing of required reports;

(2) the maintenance of bingo inventory and financial records; and

(3) the payment of [~~taxes,~~] fees [~~;~~] and any penalties imposed for a violation of this subchapter or commission rules related to the operations of the unit.

*[The conference committee may have exceeded the limitations imposed on its jurisdiction, but only the presiding officer can make the final determination on this issue.]*

*No equivalent provision.*

*No equivalent provision.*

SECTION 8. The heading to Subchapter K, Chapter 2001, Occupations Code, is amended to read as follows:  
SUBCHAPTER K. [~~TAXES AND~~] PRIZE FEES

*[The conference committee may have exceeded the limitations imposed on its jurisdiction, but only the presiding officer can make the final determination on this issue.]*

*No equivalent provision.*

*No equivalent provision.*

SECTION 9. Section 2001.504, Occupations Code, is amended to read as follows:

Sec. 2001.504. PAYMENT AND REPORTING OF [TAX OR] FEE. (a) A [~~tax or~~] fee on prizes authorized or imposed under this subchapter is due and is payable by the license holder or a person conducting bingo without a license to the commission quarterly on or before the 25th day of the month succeeding each calendar quarter.

(b) The report of the [~~a tax or~~] fee on prizes must be filed under oath on forms prescribed by the commission.

(c) The commission shall adopt rules for the payment of the

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*No equivalent provision.*

*No equivalent provision.*

*No equivalent provision.*

*No equivalent provision.*

fee on prizes [~~taxes and fees~~].

(d) A license holder required to file a report of the fee on prizes [~~tax return~~] shall deliver the quarterly report [~~return~~] with the net amount of the fee [~~tax~~] due to the commission.

~~[(e) The commission shall deposit the revenue collected under this section to the credit of the general revenue fund.]~~

*[The conference committee may have exceeded the limitations imposed on its jurisdiction, but only the presiding officer can make the final determination on this issue.]*

SECTION 10. Section 2001.508, Occupations Code, is amended to read as follows:

Sec. 2001.508. PENALTIES FOR FAILURE TO PAY OR REPORT. (a) If a person fails to file a report of the fee on prizes [~~return~~] as required by this chapter or fails to pay to the commission the fee on prizes [~~taxes~~] imposed under this chapter when the report [~~return~~] or payment is due, the person forfeits five percent of the amount due as a penalty, and after the first 30 days, the person forfeits an additional five percent. (b) A delinquent payment of the fee on prizes [~~tax~~] accrues interest at the rate provided by Section 111.060, Tax Code, beginning on the 60th day after the due date.

*[The conference committee may have exceeded the limitations imposed on its jurisdiction, but only the presiding officer can make the final determination on this issue.]*

SECTION 11. Section 2001.509, Occupations Code, is amended to read as follows:

Sec. 2001.509. RECOMPUTATION OF PRIZE FEE [~~TAX~~]. If the commission is not satisfied with a report of the fee on

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prizes [~~tax return~~] or the amount of the fee on prizes [~~tax~~] required to be remitted under this chapter to the state by a person, the commission may compute and determine the amount required to be paid on the basis of:

- (1) the facts contained in the report of the fee on prizes [~~return~~] or report of receipts and expenses; or
- (2) any information possessed by the commission or that may come into the possession of the commission, without regard to the period covered by the information.

*[The conference committee may have exceeded the limitations imposed on its jurisdiction, but only the presiding officer can make the final determination on this issue.]*

*No equivalent provision.*

*No equivalent provision.*

SECTION 12. The heading to Section 2001.510, Occupations Code, is amended to read as follows:

Sec. 2001.510. DETERMINATION IF NO REPORT [~~RETURN~~] MADE.

*[The conference committee may have exceeded the limitations imposed on its jurisdiction, but only the presiding officer can make the final determination on this issue.]*

*No equivalent provision.*

*No equivalent provision.*

SECTION 13. Sections 2001.510(a) and (c), Occupations Code, are amended to read as follows:

(a) If a license holder fails to make a required report of the fee on prizes [~~return~~], or if a person conducts bingo without a license, the commission shall make an estimate of the prizes awarded at a bingo occasion [~~or of the gross rentals received by a license holder for the rental of premises~~]. The commission shall make the estimate for the period in respect to which the license holder or other person failed to make a

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*No equivalent provision.*

*No equivalent provision.*

report [return].

(c) On the basis of the commission's estimate, the commission shall compute and determine the amount of the fee on prizes [~~taxes or fees~~] required to be paid to the state and shall add to that amount a penalty of 10 percent of the amount.

*[The conference committee may have exceeded the limitations imposed on its jurisdiction, but only the presiding officer can make the final determination on this issue.]*

SECTION 14. Sections 2001.511(a) and (c), Occupations Code, are amended to read as follows:

(a) If the commission believes that the collection of the [~~a gross rental tax or~~] fee on prizes, an amount of the [~~tax or~~] fee on prizes required to be remitted to the state, or the amount of a determination will be jeopardized by delay, the commission shall make a determination of the [~~tax or~~] fee on prizes or amount of the [~~tax or~~] fee required to be collected, noting the finding of jeopardy on the determination. The determined amount is due and payable immediately.

(c) A delinquency penalty of 10 percent of the [~~tax or~~] fee on prizes or amount of the [~~tax or~~] fee on prizes and interest at the rate of 10 percent a year attaches to the amount of the [~~tax or~~] fee on prizes or the amount of the [~~tax or~~] fee on prizes required to be collected.

*[The conference committee may have exceeded the limitations imposed on its jurisdiction, but only the presiding officer can make the final determination on this issue.]*

*No equivalent provision.*

*No equivalent provision.*

SECTION 15. Section 2001.512, Occupations Code, is

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amended to read as follows:

Sec. 2001.512. APPLICATION OF TAX LAWS. (a) Subtitle B, Title 2, Tax Code, applies to the administration, collection, and enforcement of [~~the gross rentals tax imposed under Section 2001.501 and~~] the fee on prizes imposed under Section 2001.502 except as modified by this chapter.

(b) In applying the provisions of Subtitle B, Title 2, Tax Code, to [~~the gross rentals tax imposed under Section 2001.501 and~~] the fee on prizes imposed under Section 2001.502 only, the fee on prizes is treated as if it were a tax and the powers and duties assigned to the comptroller under that subtitle are assigned to the commission.

*[The conference committee may have exceeded the limitations imposed on its jurisdiction, but only the presiding officer can make the final determination on this issue.]*

*No equivalent provision.*

*No equivalent provision.*

SECTION 16. Section 2001.513(a), Occupations Code, is amended to read as follows:

(a) At any time within three years after a person is delinquent in the payment of an amount of ~~the~~ [~~gross rentals tax or~~] fee on prizes, the commission may collect the amount under this section.

*[The conference committee may have exceeded the limitations imposed on its jurisdiction, but only the presiding officer can make the final determination on this issue.]*

*No equivalent provision.*

*No equivalent provision.*

SECTION 17. Sections 2001.514(a), (c), and (d), Occupations Code, are amended to read as follows:

(a) To secure payment of [~~the tax on gross rentals or~~] the fee on prizes imposed under this subchapter, each license holder

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shall furnish to the commission:

- (1) a cash bond;
  - (2) a bond from a surety company chartered or authorized to do business in this state;
  - (3) certificates of deposit;
  - (4) certificates of savings;
  - (5) United States treasury bonds;
  - (6) subject to the approval of the commission, an assignment of negotiable stocks or bonds; or
  - (7) other security as the commission considers sufficient.
- (c) On a license holder's failure to pay [~~the gross rentals tax or~~] the fee on prizes imposed under this subchapter, the commission may notify the license holder and any surety of the delinquency by jeopardy or deficiency determination. If payment is not made when due, the commission may forfeit all or part of the bond or security.
- (d) If the license holder ceases to conduct bingo and relinquishes the license holder's license, the commission shall authorize the release of all bonds and other security on a determination that no amounts of [~~the gross rentals tax or~~] the fee on prizes remain due and payable under this subchapter.

*[The conference committee may have exceeded the limitations imposed on its jurisdiction, but only the presiding officer can make the final determination on this issue.]*

*No equivalent provision.*

*No equivalent provision.*

SECTION 18. Section 2001.515, Occupations Code, is amended to read as follows:

Sec. 2001.515. COMMISSION'S [~~TAX~~] DUTIES. The commission shall perform all functions incident to the administration, collection, enforcement, and operation of the fee on prizes [~~a tax~~] imposed under this subchapter.

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*[The conference committee may have exceeded the limitations imposed on its jurisdiction, but only the presiding officer can make the final determination on this issue.]*

*No equivalent provision.*

*No equivalent provision.*

SECTION 19. (a) Subchapter B, Chapter 11, Tax Code, is amended by adding Section 11.211 to read as follows:

Sec. 11.211. REAL PROPERTY LEASED TO CERTAIN SCHOOLS. A person is entitled to an exemption from taxation of the real property that the person owns and leases to a school that is qualified as provided by Section 11.21(d) if:

(1) the real property is used exclusively by the school for educational functions;

(2) the real property is reasonably necessary for the operation of the school;

(3) the owner certifies by affidavit to the school that the rent for the lease of the real property will be reduced by an amount equal to the amount by which the taxes on the property are reduced as a result of the exemption;

(4) the owner provides the school with a disclosure document stating the amount by which the taxes on the real property are reduced as a result of the exemption and the method the owner will implement to ensure that the rent charged for the lease of the property fully reflects that reduction; and

(5) the rent charged for the lease of the real property reflects the reduction in the amount of taxes on the property resulting from the exemption through a monthly or annual credit against the rent.

(b) This section applies only to ad valorem taxes imposed for a tax year beginning on or after the effective date of this section.

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*[The conference committee may have exceeded the limitations imposed on its jurisdiction, but only the presiding officer can make the final determination on this issue.]*

*No equivalent provision.*

*No equivalent provision.*

SECTION 20. (a) Section 11.231, Tax Code, is amended by adding Subsection (a-1) to read as follows:

(a-1) In addition to an organization described by Subsection (a), in this section, "nonprofit community business organization" also means a Type A corporation governed by Chapter 504, Local Government Code, and a Type B corporation governed by Chapter 505, Local Government Code.

(b) This section applies only to ad valorem taxes imposed for a tax year that begins on or after the effective date of this section.

*[The conference committee may have exceeded the limitations imposed on its jurisdiction, but only the presiding officer can make the final determination on this issue.]*

*No equivalent provision.*

*No equivalent provision.*

SECTION 21. Section 151.314, Tax Code, is amended by amending Subsections (b-1), (c-2), and (h) and adding Subsection (c-4) to read as follows:

(b-1) For purposes of this section, "snack items" means [includes]:

(1) breakfast bars, granola bars, nutrition bars, sports bars, protein bars, or yogurt bars, unless labeled and marketed as candy;

(2) snack mix or trail mix;

(3) nuts, but not including pine nuts or [unless] candy-coated nuts;

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- (4) popcorn; ~~and~~
- (5) chips, crackers, ~~or~~ hard pretzels, pork rinds, or corn nuts;
- (6) sunflower seeds or pumpkin seeds;
- (7) ice cream, sherbet, or frozen yogurt; and
- (8) ice pops, juice pops, sorbet, or other frozen fruit items containing not more than 50 percent fruit juice by volume.
- (c-2) The exemption provided by Subsection (a) does not include the following prepared food:
- (1) food, food products, and drinks, including meals, milk and milk products, fruit and fruit products, sandwiches, salads, processed meats and seafoods, vegetable juice, and ice cream in cones or small cups, served, prepared, or sold ready for immediate consumption ~~in or~~ by restaurants, lunch counters, cafeterias, delis, vending machines, hotels, or like places of business or sold ready for immediate consumption from pushcarts, motor vehicles, or any other form of vehicle;
- (2) food sold in a heated state or heated by the seller; or
- (3) two or more food ingredients mixed or combined by the seller for sale as a single item, including items that are sold in an unheated state by weight or volume as a single item, but not including food that is only cut, repackaged, or pasteurized by the seller.
- (c-4) For purposes of Subdivision (c-2)(1), if a grocery store or convenience store contains a type of location listed in that subdivision, the store is considered a like place of business for purposes of that subdivision, but only in relation to items sold at that location.
- (h) The exemption provided by Subsection (a) does not apply to a snack item if the item is sold through a vending machine or is sold in individual-sized portions. For purposes of this subsection, an individual-sized portion is a portion that:

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- (1) is labeled as having not more than one serving; or  
(2) contains less than 2.5 ounces[, ~~if the package does not specify the number of servings~~].

*[The conference committee may have exceeded the limitations imposed on its jurisdiction, but only the presiding officer can make the final determination on this issue.]*

*No equivalent provision.*

*No equivalent provision.*

SECTION 22. (a) Section 156.001, Tax Code, is amended to read as follows:

Sec. 156.001. DEFINITIONS ~~[DEFINITION]~~. (a) In this chapter, "hotel" means a building in which members of the public obtain sleeping accommodations for consideration. The term includes a hotel, motel, tourist home, tourist house, tourist court, lodging house, inn, rooming house, or bed and breakfast. The term does not include:

- (1) a hospital, sanitarium, or nursing home;  
(2) a dormitory or other housing facility owned or leased and operated by an institution of higher education or a private or independent institution of higher education as those terms are defined by Section 61.003, Education Code, used by the institution for the purpose of providing sleeping accommodations for persons engaged in an educational program or activity at the institution; or  
(3) an oilfield portable unit, as defined by Section 152.001.

(b) For purposes of the imposition of a hotel occupancy tax under this chapter, Chapter 351 or 352, or other law, "hotel" includes a short-term rental. In this subsection, "short-term rental" means the rental of all or part of a residential property to a person who is not a permanent resident under Section 156.101.

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(b) The heading to Section 351.005, Tax Code, is amended to read as follows:

Sec. 351.005. REIMBURSEMENT FOR ~~[TAX COLLECTION]~~ EXPENSES OF TAX COLLECTION AND USE OF ELECTRONIC TAX ADMINISTRATION SYSTEM.

(c) Section 351.005(a), Tax Code, is amended to read as follows:

(a) A municipality may permit a person who is required to collect and pay over to the municipality the tax authorized by this chapter not more than one percent of the amount collected and required to be reported as reimbursement to the person for the costs in collecting the tax and, if applicable, the use of an electronic tax administration system described by Section 351.1012.

(d) Subchapter B, Chapter 351, Tax Code, is amended by adding Section 351.1012 to read as follows:

Sec. 351.1012. ELECTRONIC TAX ADMINISTRATION SYSTEM. (a) Notwithstanding any other provision of this chapter, a municipality may spend not more than one percent of the revenue derived from the tax authorized by this chapter for the creation, maintenance, operation, and administration of an electronic tax administration system.

(b) A municipality may contract with a third party to assist in the creation, maintenance, operation, or administration of the electronic tax administration system.

(e) The amendments made by this section to Section 156.001, Tax Code, are a clarification of existing law and do not imply

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that existing law may be construed as inconsistent with the law as amended by this section.

(f) This section takes effect immediately if this Act receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for this section to have immediate effect, this section takes effect September 1, 2015.

*[The conference committee may have exceeded the limitations imposed on its jurisdiction, but only the presiding officer can make the final determination on this issue.]*

*No equivalent provision.*

SECTION \_\_. Sections 162.001(38), (39), and (42), Tax Code, are amended to read as follows:

(38) "License holder" means a person licensed by the comptroller under Section 162.105, 162.205, [~~162.304, 162.305, 162.306,~~] 162.357, or 162.358.

(39) "Liquefied gas" means all combustible gases that exist in the gaseous state at 60 degrees Fahrenheit and at a pressure of 14.7 pounds per square inch absolute, but does not include compressed natural gas, liquefied natural gas, gasoline, or diesel fuel. Liquefied gas is considered a special fuel for purposes of Section 151.308.

(42) "Motor fuel" means gasoline, diesel fuel, [~~liquefied gas,~~] gasoline blended fuel, compressed natural gas, liquefied natural gas, and other products that are offered for sale, sold, used, or capable of use as fuel for a gasoline-powered engine or a diesel-powered engine. [FA1]

SECTION 23. Same as Senate version.

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*No equivalent provision.*

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*No equivalent provision.*

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SECTION 24. 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;

(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:

(A) for gasoline in a situation described by Subsection (d), the bill of lading indicates the destination state and the supplier collects the destination state tax; or

(B) for gasoline in a situation described by Subsection (e), the bill of lading indicates the destination state, the gasoline is subsequently exported, and the exporter is licensed in the destination state to pay that state's tax and has an exporter's license issued under this subchapter;

(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

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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 indicates the foreign destination and the fuel is actually exported to the foreign country; ~~[or]~~

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

(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.

*[The conference committee may have exceeded the limitations imposed on its jurisdiction, but only the presiding officer can make the final determination on this issue.]*

SECTION 25. Section 162.125, Tax Code, is amended by adding Subsection (g-2) to read as follows:

(g-2) A nonprofit entity exempted under Section 162.104(a)(9) 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 entity may file a refund claim with the comptroller for that amount.

*[The conference committee may have exceeded the limitations imposed on its jurisdiction, but only the presiding officer can*

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*No equivalent provision.*

*No equivalent provision.*

*make the final determination on this issue.]*

SECTION 26. 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;

(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:

(A) for diesel fuel in a situation described by Subsection (d), the bill of lading indicates the destination state and the supplier collects the destination state tax; or

(B) for diesel fuel in a situation described by Subsection (e), the bill of lading indicates the destination state, the diesel fuel is subsequently exported, and the exporter is licensed in the destination state to pay that state's tax and has an exporter's license issued under this subchapter;

(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

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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 indicates 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;

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(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; [or]

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

(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.

*[The conference committee may have exceeded the limitations imposed on its jurisdiction, but only the presiding officer can make the final determination on this issue.]*

*No equivalent provision.*

*No equivalent provision.*

SECTION 27. Section 162.227, Tax Code, is amended by adding Subsection (f-2) to read as follows:

(f-2) A nonprofit entity exempted under Section 162.204(a)(15) 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 entity may file a refund claim with the comptroller for that amount.

*[The conference committee may have exceeded the limitations imposed on its jurisdiction, but only the presiding officer can make the final determination on this issue.]*

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*No equivalent provision.*

SECTION \_\_. Section 162.356, Tax Code, is amended to read as follows:

Sec. 162.356. EXEMPTIONS. (a) The tax imposed by this subchapter does not apply to compressed natural gas or liquefied natural gas delivered into the fuel supply tank of:

- (1) a motor vehicle operated exclusively by the United States, provided that the exemption does not apply with respect to fuel delivered into the fuel supply tank of a motor vehicle of a person operating under a contract with the United States;
- (2) a motor vehicle operated exclusively by a public school district in this state;
- (3) a motor vehicle operated exclusively by 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 fuel only to provide those services;
- (4) a motor vehicle operated exclusively by a volunteer fire department in this state;
- (5) a motor vehicle operated exclusively by a municipality or county in this state;
- (6) a motor vehicle operated exclusively by a nonprofit electric cooperative corporation organized under Chapter 161, Utilities Code;
- (7) a motor vehicle operated exclusively by a nonprofit telephone cooperative corporation organized under Chapter 162, Utilities Code;
- (8) a motor vehicle that is not registered for use on the public highways of this state and that is used exclusively off-highway; [or]

SECTION 28. Section 162.356, Tax Code, is amended to read as follows:

Sec. 162.356. EXEMPTIONS. (a) The tax imposed by this subchapter does not apply to compressed natural gas or liquefied natural gas delivered into the fuel supply tank of:

- (1) a motor vehicle operated exclusively by the United States, provided that the exemption does not apply with respect to fuel delivered into the fuel supply tank of a motor vehicle of a person operating under a contract with the United States;
- (2) a motor vehicle operated exclusively by a public school district in this state;
- (3) a motor vehicle operated exclusively by 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 fuel only to provide those services;
- (4) a motor vehicle operated exclusively by a volunteer fire department in this state;
- (5) a motor vehicle operated exclusively by a municipality or county in this state;
- (6) a motor vehicle operated exclusively by a nonprofit electric cooperative corporation organized under Chapter 161, Utilities Code;
- (7) a motor vehicle operated exclusively by a nonprofit telephone cooperative corporation organized under Chapter 162, Utilities Code;
- (8) a motor vehicle that is not registered for use on the public highways of this state and that is used exclusively off-highway; [or]
- (9) a motor vehicle operated exclusively by a nonprofit entity that is organized for the sole purpose of and engages

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(9) off-highway equipment, a stationary engine, a motorboat, an aircraft, equipment used solely for servicing aircraft and used exclusively off-highway, a locomotive, or any device other than a motor vehicle operated or intended to be operated on the public highways; or  
(10) except as provided by Subsection (b), a motor vehicle:  
(A) used to provide the services of a transit company, including a metropolitan rapid transit authority under Chapter 451, Transportation Code, or a regional transportation authority under Chapter 452, Transportation Code; and  
(B) operated by a person who on January 1, 2015, paid tax on compressed natural gas or liquefied natural gas as provided by Section 162.312, as that section existed on that date.  
(b) The exemption provided by Subsection (a)(10) does not apply to compressed natural gas or liquefied natural gas delivered into the fuel supply tank of a motor vehicle from a refueling facility accessible to motor vehicles other than those described by Subsection (a)(10)(A). [FA1]

*No equivalent provision.*

*No equivalent provision.*

*exclusively in providing emergency medical services and that uses the fuel exclusively to provide emergency medical services, including rescue and ambulance services;*

(10) off-highway equipment, a stationary engine, a motorboat, an aircraft, equipment used solely for servicing aircraft and used exclusively off-highway, a locomotive, or any device other than a motor vehicle operated or intended to be operated on the public highways; or  
(11) except as provided by Subsection (b), a motor vehicle:  
(A) used to provide the services of a transit company, including a metropolitan rapid transit authority under Chapter 451, Transportation Code, or a regional transportation authority under Chapter 452, Transportation Code; and  
(B) operated by a person who on January 1, 2015, paid tax on compressed natural gas or liquefied natural gas as provided by Section 162.312, as that section existed on that date.  
(b) The exemption provided by Subsection (a)(11) does not apply to compressed natural gas or liquefied natural gas delivered into the fuel supply tank of a motor vehicle from a refueling facility accessible to motor vehicles other than those described by Subsection (a)(11)(A).

SECTION 29. Section 162.365(a), Tax Code, is amended to read as follows:

(a) A license holder may take a credit on a return for the period in which the purchase occurred, and a person who does not hold a license under this subchapter may file a refund claim with the comptroller if the license holder or person paid tax on compressed natural gas or liquefied natural gas and the license holder or person:

(1) is the United States government and the fuel was

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delivered into the fuel supply tank of a motor vehicle operated exclusively by the United States, provided that a credit or refund is not allowed for fuel delivered into the fuel supply tank of a motor vehicle operated by a person operating under a contract with the United States;

(2) is a public school district in this state and the fuel was delivered into the fuel supply tank of a motor vehicle operated exclusively by the district;

(3) is a commercial transportation company that provides public school transportation services to a school district under Section 34.008, Education Code, and the fuel was delivered into the fuel supply tank of a motor vehicle used to provide those services;

(4) is a volunteer fire department in this state and the fuel was delivered into the fuel supply tank of a motor vehicle operated exclusively by the department;

(5) is a municipality or county in this state and the fuel was delivered into the fuel supply tank of a motor vehicle operated exclusively by the municipality or county;

(6) is a nonprofit electric cooperative corporation organized under Chapter 161, Utilities Code, and the fuel was delivered into the fuel supply tank of a motor vehicle operated exclusively by the electric cooperative;

(7) is a nonprofit telephone cooperative corporation organized under Chapter 162, Utilities Code, and the fuel was delivered into the fuel supply tank of a motor vehicle operated exclusively by the telephone cooperative;

(8) uses the fuel in off-highway equipment, in a stationary engine, in a motorboat, in an aircraft, in equipment used solely for servicing aircraft and used exclusively off-highway, in a locomotive, or for other nonhighway purposes and not in a motor vehicle operated or intended to be operated on the

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*No equivalent provision.*

SECTION \_\_. Section 162.402(a), Tax Code, is amended to read as follows:

- (a) A person forfeits to the state a civil penalty of not less than \$25 and not more than \$200 if the person:
- (1) refuses to stop and permit the inspection and examination of a motor vehicle transporting or using motor fuel on demand of a peace officer or the comptroller;
  - (2) operates a motor vehicle in this state without a valid interstate trucker's license or a trip permit when the person is required to hold one of those licenses or permits;
  - (3) ~~operates a liquefied gas propelled motor vehicle that is required to be licensed in this state, including motor vehicles equipped with dual carburetion, and does not display a current liquefied gas tax decal or multistate fuels tax agreement decal;~~
  - ~~(4) makes a tax free sale or delivery of liquefied gas into the~~

public highways; [or]  
(9) uses the fuel in a motor vehicle that is operated exclusively off-highway, except for incidental travel on the public highways as determined by the comptroller, provided that a credit or refund may not be allowed for the portion used in the incidental highway travel; or  
(10) is a nonprofit entity that is organized for the sole purpose of and engages exclusively in providing emergency medical services and the fuel was delivered into the fuel supply tank of a motor vehicle operated exclusively by the nonprofit entity to provide emergency medical services, including rescue and ambulance services.

*[The conference committee may have exceeded the limitations imposed on its jurisdiction, but only the presiding officer can make the final determination on this issue.]*

SECTION 30. Same as Senate version.

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~~fuel supply tank of a motor vehicle that does not display a current Texas liquefied gas tax decal;~~

~~[(5) makes a taxable sale or delivery of liquefied gas without holding a valid dealer's license;~~

~~[(6) makes a tax-free sale or delivery of liquefied gas into the fuel supply tank of a motor vehicle bearing out-of-state license plates;~~

~~[(7) makes a delivery of liquefied gas into the fuel supply tank of a motor vehicle bearing Texas license plates and no Texas liquefied gas tax decal, unless licensed under a multistate fuels tax agreement;~~

~~[(8)] transports gasoline or diesel fuel in any cargo tank that has a connection by pipe, tube, valve, or otherwise with the fuel injector or carburetor of, or with the fuel supply tank feeding the fuel injector or carburetor of, the motor vehicle transporting the product;~~

~~(4) [(9)] sells or delivers gasoline or diesel fuel from any fuel supply tank connected with the fuel injector or carburetor of a motor vehicle;~~

~~(5) [(10)] owns or operates a motor vehicle for which reports or mileage records are required by this chapter without an operating odometer or other device in good working condition to record accurately the miles traveled;~~

~~(6) [(11)] furnishes to a licensed supplier or distributor a signed statement for purchasing diesel fuel tax-free and then uses the tax-free diesel fuel to operate a diesel-powered motor vehicle on a public highway;~~

~~(7) [(12)] fails or refuses to comply with or violates a provision of this chapter;~~

~~(8) [(13)] fails or refuses to comply with or violates a comptroller's rule for administering or enforcing this chapter;~~

~~(9) [(14)] is an importer who does not obtain an import~~

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verification number when required by this chapter;

(10) ~~[(15)]~~ purchases motor fuel for export, on which the tax imposed by this chapter has not been paid, and subsequently diverts or causes the motor fuel to be diverted to a destination in this state or any other state or country other than the originally designated state or country without first obtaining a diversion number;

(11) ~~[(16)]~~ delivers compressed natural gas or liquefied natural gas into the fuel supply tank of a motor vehicle and the person does not hold a valid compressed natural gas and liquefied natural gas dealer's license; or

(12) ~~[(17)]~~ makes a tax-free delivery of compressed natural gas or liquefied natural gas into the fuel supply tank of a motor vehicle, unless the delivery is exempt from tax under Section 162.356. [FA1]

*No equivalent provision.*

SECTION \_\_. Section 162.403, Tax Code, is amended to read as follows:

Sec. 162.403. CRIMINAL OFFENSES. Except as provided by Section 162.404, a person commits an offense if the person:

(1) refuses to stop and permit the inspection and examination of a motor vehicle transporting or using motor fuel on the demand of a peace officer or the comptroller;

(2) is required to hold a valid trip permit or interstate trucker's license, but operates a motor vehicle in this state without a valid trip permit or interstate trucker's license;

(3) ~~operates a liquefied gas propelled motor vehicle that is required to be licensed in this state, including a motor vehicle equipped with dual carburetion, and does not display a current liquefied gas tax decal or multistate fuels tax agreement decal;~~

SECTION 31. Same as Senate version.

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~~[(4)]~~ transports gasoline or diesel fuel in any cargo tank that has a connection by pipe, tube, valve, or otherwise with the fuel injector or carburetor or with the fuel supply tank feeding the fuel injector or carburetor of the motor vehicle transporting the product;

~~(4)~~ ~~[(5)]~~ sells or delivers gasoline or diesel fuel from a fuel supply tank that is connected with the fuel injector or carburetor of a motor vehicle;

~~(5)~~ ~~[(6)]~~ owns or operates a motor vehicle for which reports or mileage records are required by this chapter without an operating odometer or other device in good working condition to record accurately the miles traveled;

~~(6)~~ ~~[(7)]~~ sells or delivers dyed diesel fuel for the operation of a motor vehicle on a public highway;

~~(7)~~ ~~[(8)]~~ uses dyed diesel fuel for the operation of a motor vehicle on a public highway except as allowed under Section 162.235;

~~(8)~~ ~~[(9)]~~ makes a tax free sale or delivery of liquefied gas into the fuel supply tank of a motor vehicle that does not display a current Texas liquefied gas tax decal;

~~[(10)]~~ makes a sale or delivery of liquefied gas on which the person knows the tax is required to be collected, if at the time the sale is made the person does not hold a valid dealer's license;

~~[(11)]~~ makes a tax free sale or delivery of liquefied gas into the fuel supply tank of a motor vehicle bearing out of state license plates;

~~[(12)]~~ makes a delivery of liquefied gas into the fuel supply tank of a motor vehicle bearing Texas license plates and no Texas liquefied gas tax decal, unless licensed under a multistate fuels tax agreement;

~~[(13)]~~ refuses to permit the comptroller or the attorney

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general to inspect, examine, or audit a book or record required to be kept by a license holder, other user, or any person required to hold a license under this chapter;

(9) ~~[(14)]~~ refuses to permit the comptroller or the attorney general to inspect or examine any plant, equipment, materials, or premises where motor fuel is produced, processed, blended, stored, sold, delivered, or used;

(10) ~~[(15)]~~ refuses to permit the comptroller, the attorney general, an employee of either of those officials, a peace officer, an employee of the Texas Commission on Environmental Quality, or an employee of the Department of Agriculture to measure or gauge the contents of or take samples from a storage tank or container on premises where motor fuel is produced, processed, blended, stored, sold, delivered, or used;

(11) ~~[(16)]~~ is a license holder, a person required to be licensed, or another user and fails or refuses to make or deliver to the comptroller a report required by this chapter to be made and delivered to the comptroller;

(12) ~~[(17)]~~ is an importer who does not obtain an import verification number when required by this chapter;

(13) ~~[(18)]~~ purchases motor fuel for export, on which the tax imposed by this chapter has not been paid, and subsequently diverts or causes the motor fuel to be diverted to a destination in this state or any other state or country other than the originally designated state or country without first obtaining a diversion number;

(14) ~~[(19)]~~ conceals motor fuel with the intent of engaging in any conduct proscribed by this chapter or refuses to make sales of motor fuel on the volume-corrected basis prescribed by this chapter;

(15) ~~[(20)]~~ refuses, while transporting motor fuel, to stop the

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motor vehicle the person is operating when called on to do so by a person authorized to stop the motor vehicle;

(16) [~~(21)~~] refuses to surrender a motor vehicle and cargo for impoundment after being ordered to do so by a person authorized to impound the motor vehicle and cargo;

(17) [~~(22)~~] mutilates, destroys, or secretes a book or record required by this chapter to be kept by a license holder, other user, or person required to hold a license under this chapter;

(18) [~~(23)~~] is a license holder, other user, or other person required to hold a license under this chapter, or the agent or employee of one of those persons, and makes a false entry or fails to make an entry in the books and records required under this chapter to be made by the person or fails to retain a document as required by this chapter;

(19) [~~(24)~~] transports in any manner motor fuel under a false cargo manifest or shipping document, or transports in any manner motor fuel to a location without delivering at the same time a shipping document relating to that shipment;

(20) [~~(25)~~] engages in a motor fuel transaction that requires that the person have a license under this chapter without then and there holding the required license;

(21) [~~(26)~~] makes and delivers to the comptroller a report required under this chapter to be made and delivered to the comptroller, if the report contains false information;

(22) [~~(27)~~] forges, falsifies, or alters an invoice or shipping document prescribed by law;

(23) [~~(28)~~] makes any statement, knowing said statement to be false, in a claim for a tax refund filed with the comptroller;

(24) [~~(29)~~] furnishes to a licensed supplier or distributor a signed statement for purchasing diesel fuel tax-free and then uses the tax-free diesel fuel to operate a diesel-powered motor vehicle on a public highway;

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~~(25)~~ ~~(30)~~ holds an aviation fuel dealer's license and makes a taxable sale or use of any gasoline or diesel fuel;

~~(26)~~ ~~(31)~~ fails to remit any tax funds collected or required to be collected by a license holder, another user, or any other person required to hold a license under this chapter;

~~(27)~~ ~~(32)~~ makes a sale of dyed diesel fuel tax-free into a storage facility of a person who:

(A) is not licensed as a distributor, as an aviation fuel dealer, or as a dyed diesel fuel bonded user; or

(B) does not furnish to the licensed supplier or distributor a signed statement prescribed in Section 162.206;

~~(28)~~ ~~(33)~~ makes a sale of gasoline tax-free to any person who is not licensed as an aviation fuel dealer;

~~(29)~~ ~~(34)~~ purchases any motor fuel tax-free when not authorized to make a tax-free purchase under this chapter;

~~(30)~~ ~~(35)~~ purchases motor fuel with the intent to evade any tax imposed by this chapter or accepts a delivery of motor fuel by any means and does not at the same time accept or receive a shipping document relating to the delivery;

~~(31)~~ ~~(36)~~ 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;

~~(32)~~ ~~(37)~~ imports, sells, uses, blends, distributes, or stores motor fuel within this state on which the taxes imposed by this chapter are owed but have not been first paid to or reported by a license holder, another user, or any other person required to hold a license under this chapter;

~~(33)~~ ~~(38)~~ blends products together to produce a blended fuel that is offered for sale, sold, or used and that expands the

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volume of the original product to evade paying applicable motor fuel taxes;

~~(34) [(39)]~~ evades or attempts to evade in any manner a tax imposed on motor fuel by this chapter;

~~(35) [(40)]~~ delivers compressed natural gas or liquefied natural gas into the fuel supply tank of a motor vehicle and the person does not hold a valid compressed natural gas and liquefied natural gas dealer's license; or

~~(36) [(41)]~~ makes a tax-free delivery of compressed natural gas or liquefied natural gas into the fuel supply tank of a motor vehicle, unless the delivery is exempt from tax under Section 162.356. [FA1]

*No equivalent provision.*

SECTION \_\_. Section 162.404, Tax Code, is amended to read as follows:

Sec. 162.404. CRIMINAL OFFENSES: SPECIAL PROVISIONS AND EXCEPTIONS. (a) A person does not commit an offense under Section 162.403 unless the person intentionally or knowingly engaged in conduct as the definition of the offense requires, except that no culpable mental state is required for an offense under Section ~~162.403(5) [162.403(6)]~~.

(b) Each day that a refusal prohibited under Section ~~162.403(8), (9), or (10) [162.403(13), (14), or (15)]~~ continues is a separate offense.

(c) The prohibition under Section ~~162.403(27) [162.403(32)]~~ does not apply to the tax-free sale or distribution of diesel fuel authorized by Section ~~162.204(1)~~, (2), or (3).

(d) The prohibition under Section ~~162.403(28) [162.403(33)]~~ does not apply to the tax-free sale or distribution of gasoline under ~~Section 162.104(1)~~, (2), or (3). [FA1]

SECTION 32. Section 162.404, Tax Code, is amended to read as follows:

Sec. 162.404. CRIMINAL OFFENSES: SPECIAL PROVISIONS AND EXCEPTIONS. (a) A person does not commit an offense under Section 162.403 unless the person intentionally or knowingly engaged in conduct as the definition of the offense requires, except that no culpable mental state is required for an offense under Section ~~162.403(5) [162.403(6)]~~.

(b) Each day that a refusal prohibited under Section ~~162.403(8), (9), or (10) [162.403(13), (14), or (15)]~~ continues is a separate offense.

(c) The prohibition under Section ~~162.403(27) [162.403(32)]~~ does not apply to the tax-free sale or distribution of diesel fuel authorized by Section ~~162.204(a)(1) [162.204(1)]~~, (2), or (3).

(d) The prohibition under Section ~~162.403(28) [162.403(33)]~~ does not apply to the tax-free sale or distribution of gasoline under Section ~~162.104(a)(1) [162.104(1)]~~, (2), or (3).

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*No equivalent provision.*

SECTION \_\_. Section 162.405, Tax Code, is amended to read as follows:  
Sec. 162.405. CRIMINAL PENALTIES. (a) An offense under Section 162.403(1), (2), (3), (4), (5), ~~[(6);~~ or (7) ~~[(8)]~~ is a Class C misdemeanor.  
(b) An offense under Section 162.403(8), (9) ~~[162.403(9), (10), (11), (12), (13), (35), or (36) [(14), (15), (16), (17), (18), (40), or (41)]~~ is a Class B misdemeanor.  
(c) An offense under Section 162.403(14), (15), or (16) ~~[162.403(19), (20), or (21)]~~ is a Class A misdemeanor.  
(d) An offense under Section 162.403(6), (17), (18), (19), (20), (21) ~~[162.403(7), (22), (23), or (24) [-(25), (26), (27), (28), or (29)]~~ is a felony of the third degree.  
(e) An offense under Section 162.403(25), (26), (27), (28), (29), (30) ~~[162.403(30), (31), (32), (33), or (34) [-(35), (36), (37), (38), or (39)]~~ is a felony of the second degree.  
(f) Violations of three or more separate offenses under the following sections committed pursuant to one scheme or continuous course of conduct may be considered as one offense and punished as a felony of the second degree:  
(1) Section 162.403(6) ~~[162.403(7)]~~;  
(2) Sections 162.403(8) ~~[162.403(13)]~~ through (11) ~~[(16)]~~; or  
(3) Sections 162.403(17) ~~[162.403(22)]~~ through (24) ~~[(29)]~~.  
[FA1]

SECTION 33. Same as Senate version.

*No equivalent provision.*

SECTION \_\_. Section 548.051(a), Transportation Code, is amended to read as follows:  
(a) A motor vehicle, trailer, semitrailer, pole trailer, or mobile home, registered in this state, must have the following items

SECTION 34. Same as Senate version.

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inspected at an inspection station or by an inspector:

- (1) tires;
- (2) wheel assembly;
- (3) safety guards or flaps, if required by Section 547.606;
- (4) brake system, including power brake unit;
- (5) steering system, including power steering;
- (6) lighting equipment;
- (7) horns and warning devices;
- (8) mirrors;
- (9) windshield wipers;
- (10) sunscreening devices, unless the vehicle is exempt from sunscreen device restrictions under Section 547.613;
- (11) front seat belts in vehicles on which seat belt anchorages were part of the manufacturer's original equipment;
- (12) ~~tax decal, if required by Section 548.104(d)(1);~~
- ~~(13)~~ exhaust system;
- (13) ~~(14)~~ exhaust emission system;
- (14) ~~(15)~~ fuel tank cap, using pressurized testing equipment approved by department rule; and
- (15) ~~(16)~~ emissions control equipment as designated by department rule. [FA1]

*No equivalent provision.*

SECTION \_\_. Section 548.104(d), Transportation Code, is amended to read as follows:

(d) An inspection station or inspector may not issue a passing vehicle inspection report for a vehicle equipped with:

- (1) ~~[a carburetion device permitting the use of liquefied gas alone or interchangeably with another fuel, unless a valid liquefied gas tax decal issued by the comptroller is attached to the lower right hand corner of the front windshield of the vehicle on the passenger side;~~

SECTION 35. Same as Senate version.

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~~(2)~~ a suncreening device prohibited by Section 547.613, except that the department by rule shall provide procedures for issuance of a passing vehicle inspection report for a vehicle exempt under Section 547.613(c); or  
(2) ~~(3)~~ a compressed natural gas container unless the owner demonstrates in accordance with department rules proof:  
(A) that:  
(i) the container has met the inspection requirements under 49 C.F.R. Section 571.304; and  
(ii) the manufacturer's recommended service life for the container, as stated on the container label required by 49 C.F.R. Section 571.304, has not expired; or  
(B) that the vehicle is a fleet vehicle for which the fleet operator employs a technician certified to inspect the container. [FA1]

SECTION 3. The following are repealed:  
(1) Section 411.109(c), Government Code;  
(2) Section 111.021(j), Tax Code; and  
(3) Chapter 159, Tax Code.

*No equivalent provision.*

*No equivalent provision.*

SECTION 3. Same as House version.

SECTION \_\_. The following provisions of the Tax Code are repealed:  
(1) Section 162.001(40);  
(2) Subchapter D, Chapter 162; and  
(3) Section 162.505. [FA1]

SECTION \_\_. The change in law made by this Act to Section 162.402(a), Tax Code, applies only to a violation that occurs

SECTION 36. The following are repealed:  
(1) Section 411.109(c), Government Code;  
(2) **Section 2001.501, Occupations Code;**  
(3) Section 111.021(j), Tax Code;  
(4) Chapter 159, Tax Code;

(5) Section 162.001(40), Tax Code;  
(6) Subchapter D, Chapter 162, Tax Code; and  
(7) Section 162.505, Tax Code.

SECTION 37(a). Same as Senate version.

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on or after the effective date of this Act. A violation that occurred before the effective date of this Act is governed by the law in effect on the date the violation occurred, and the former law is continued in effect for that purpose. [FA1]

*No equivalent provision.*

SECTION \_\_. The change in law made by this Act to Section 162.403, Tax Code, applies only to an offense committed on or after the effective date of this Act. An offense committed before the effective date of this Act is governed by the law in effect on the date the offense was committed, and the former law is continued in effect for that purpose. For purposes of this section, an offense was committed before the effective date of this Act if any element of the offense occurred before that date. [FA1]

SECTION 37(b). The changes in law made by this Act to Sections 162.403, **162.404, and 162.405**, Tax Code, apply only to an offense committed on or after the effective date of this Act. An offense committed before the effective date of this Act is governed by the law in effect on the date the offense was committed, and the former law is continued in effect for that purpose. For purposes of this section, an offense was committed before the effective date of this Act if any element of the offense occurred before that date.

*No equivalent provision.*

SECTION \_\_. A person who holds a liquefied gas tax decal license under Section 162.305, Tax Code, that is valid on or after the effective date of this Act **will receive** a pro rata refund of the unused portion of the advanced taxes paid for the period after the effective date of this Act. [FA1]

SECTION 37(c). **The comptroller of public accounts shall issue to** a person who holds a liquefied gas tax decal license under Section 162.305, Tax Code, that is valid on or after the effective date of this Act a pro rata refund of the unused portion of the advanced taxes paid for the period after the effective date of this Act.

SECTION 4. Savings provision.

SECTION 4. Same as House version.

SECTION 38. Substantially the same as House version.

SECTION 5. This Act takes effect September 1, 2015.

SECTION 5. Same as House version.

SECTION 39. (a) **Except as otherwise provided by this Act**, this Act takes effect September 1, 2015.  
(b) **Section 19 of this Act takes effect January 1, 2016, but only if a constitutional amendment authorizing the**

**House Bill 1905**  
Conference Committee Report  
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

*legislature to exempt from ad valorem taxation real property leased to certain schools organized and operated primarily for the purpose of engaging in educational functions is approved by the voters. If that amendment is not approved by the voters, Section 19 of this Act has no effect.*  
*(c) Section 20 of this Act takes effect January 1, 2016.*

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**May 30, 2015**

**TO:** Honorable Dan Patrick, Lieutenant Governor, Senate  
Honorable Joe Straus, Speaker of the House, House of Representatives

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB1905** by Springer (Relating to certain state and local taxes, including ad valorem taxes, and to the repeal of certain of those taxes.), **Conference Committee Report**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB1905, Conference Committee Report: a negative impact of (\$4,447,000) through the biennium ending August 31, 2017.

**Additionally, passage of the bill would extend the property tax exemption for nonprofit community business organizations providing economic development to certain real and personal property owned by Type A and Type B corporations and would create a cost to the state through the operation of the school funding formulas to the extent that the property is not already exempt as public property or under another exemption in Chapter 11 of the Tax Code.**

**General Revenue-Related Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2016	(\$1,669,000)
2017	(\$2,778,000)
2018	(\$7,117,000)
2019	(\$7,662,000)
2020	(\$8,264,000)

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Revenue (Loss) from <i>General Revenue Fund</i> 1	Probable Revenue (Loss) from <i>Available School Fund</i> 2	Probable Revenue (Loss) from <i>State Highway Fund</i> 6	Probable Revenue (Loss) from <i>Foundation School Fund 193</i>
2016	(\$1,392,000)	(\$277,000)	(\$831,000)	\$0
2017	(\$1,411,000)	(\$289,000)	(\$868,000)	(\$1,078,000)
2018	(\$1,399,000)	(\$295,000)	(\$885,000)	(\$5,423,000)
2019	(\$1,387,000)	(\$301,000)	(\$902,000)	(\$5,974,000)
2020	(\$1,376,000)	(\$307,000)	(\$922,000)	(\$6,581,000)

Fiscal Year	Probable Revenue (Loss) from <i>School Districts</i>	Probable Revenue (Loss) from <i>Cities</i>	Probable Revenue (Loss) from <i>Counties</i>	Probable Revenue (Loss) from <i>Other Special Districts</i>
2016	\$0	\$0	\$0	\$0
2017	(\$5,484,000)	(\$1,969,000)	(\$1,995,000)	(\$1,387,000)
2018	(\$1,831,000)	(\$2,177,000)	(\$2,211,000)	(\$1,535,000)
2019	(\$2,044,000)	(\$2,408,000)	(\$2,449,000)	(\$1,699,000)
2020	(\$2,282,000)	(\$2,663,000)	(\$2,714,000)	(\$1,881,000)

**Fiscal Analysis**

The bill would repeal certain alcoholic beverage taxes and the tax on controlled substances.

The bill would repeal Section 2001.501 of the Occupations Code, regarding the bingo gross rental tax, and would make conforming changes elsewhere in this chapter. All other bingo-related fees imposed by this chapter would be unchanged.

The bill would amend Chapter 162 of the Tax Code, regarding motor fuel taxes, to exempt certain nonprofit emergency medical service (EMS) entities from the taxes imposed under Subchapters B (gasoline), C (diesel fuel), D (liquefied gas), and D-1 (compressed natural gas and liquefied natural gas).

The bill would provide a tax exemption for each of the four motor fuels listed above when sold to a nonprofit entity that is organized for the sole purpose of and engages exclusively in providing emergency medical services and uses the motor fuel exclusively to provide emergency medical services, including rescue and ambulance services. The bill would allow an eligible nonprofit EMS entity that paid a tax on these motor fuels, except liquefied gas, to file a claim with the Comptroller for a refund of the tax.

The bill would amend Chapters 34 (airline beverage permit) and 48 (passenger train beverage permit) of the Alcoholic Beverage Code to abolish the beverage service fee of five cents per serving of an alcoholic beverage served in Texas by the holder of an airline beverage permit or a passenger train beverage permit.

The bill would repeal Chapter 159 of the Tax Code, thereby abolishing the controlled substances tax, and would make conforming changes to Section 111.021 of the Tax Code and Section 411.109 of the Government Code.

The bill would repeal sections in Chapter 162 (motor fuel tax) of the Tax Code to abolish the liquefied gas tax, and would make conforming changes elsewhere in this code.

The bill would exempt certain motor vehicles used to provide transit services, including vehicles of a metropolitan rapid transit authority operating under Chapter 451 of the Transportation Code, or a regional transportation authority operating under Chapter 452 of the Transportation Code, from the compressed natural gas and liquefied natural gas (CNG/LNG) tax imposed under Subchapter D-1 of Chapter 162 of the Tax Code.

The bill would make conforming changes to the Transportation Code.

The bill would amend Chapter 11 of the Tax Code, regarding property taxation and exemptions, to grant a property tax exemption on the real property a person owns and leases to a qualified open-enrollment charter school if:

- 1) the real property is used exclusively by the school for educational functions;
- 2) the real property is reasonably necessary for the operation of the school;
- 3) the owner certifies by affidavit to the school that the rent for the lease of the real property will be reduced by an amount equal to the tax savings;
- 4) the owner provides the school with a disclosure document stating the amount by which the taxes on the real property are reduced as a result of the exemption and the method the owner will implement to ensure that the property rent fully reflects the reduction; and
- 5) the rent charged for the lease of the real property reflects the reduction in the amount of taxes on the property resulting from the exemption through a monthly or annual credit against the rent.

The charter school would be required to qualify as a school under current law (Section 11.21(d), Tax Code).

The bill would amend Chapter 156 of the Tax Code, regarding the state hotel occupancy tax, to define "short term rentals" as the rental of all or part of a residential property to a person who is not a permanent resident under Section 156.101.

The bill would amend Section 151.314, Tax Code, in relation to sales and use taxation of certain food items. The definition of "snack items" would be amended to exclude pine nuts and include pork rinds, corn nuts, sunflower and pumpkin seeds, ice cream, sherbet, frozen yogurt, ice pops, juice pops, and certain other frozen fruit items. Snack items when sold in individual-sized portions are subject to tax.

The bill would also provide that when a grocery store or convenience store contains a type of location like a restaurant, lunch counter, cafeteria, or deli, the store is considered a like place of business in relation to items sold at that location.

The bill would amend Chapter 11 of the Tax Code, regarding taxable property and exemptions, to provide that "nonprofit community business organization" also means a Type A and a Type B corporation as specified in Chapter 504 or 505, Local Government Code, related to certain economic development projects. This designation would extend the property tax exemption for nonprofit community business organizations providing economic development to certain real and personal property owned by Type A and Type B corporations.

The provisions of the bill regarding the property tax exemption for real property leased to a qualified open enrollment charter school would take effect January 1, 2016, but only if a constitutional amendment authorizing the exemption is approved by Texas voters.

The provisions of the bill regarding the property tax exemption for nonprofit community business organizations would take effect January 1, 2016.

All other provisions of the bill would take effect September 1, 2015.

## Methodology

The estimated fiscal impact provided by the Comptroller of Public Accounts (CPA), is based on the *2016-2017 Biennial Revenue Estimate*. Upon the bill's effective date, airlines and passenger trains serving alcoholic beverages would continue to be required to hold a permit issued by the Texas Alcoholic Beverage Commission. They no longer would remit the tax on the beverage service. The loss from repealing the liquefied gas tax and exempting certain motor vehicles from the CNG/LNG tax is based on Texas Department of Transportation, Public Transportation Division records; and a summer 2014 survey by the Natural Gas Section of the Railroad Commission, regarding the number of CNG/LNG transit vehicles that would be exempted under the provisions of the bill.

The repeal of the controlled substances tax would have no effect on revenue collections.

Gasoline and diesel fuel are taxed at the rate of \$0.20 per gallon, and compressed natural gas and liquefied natural gas are taxed at the rate of \$0.15 per gallon. Liquefied gas motor fuel use requires the purchase of an annual liquefied gas decal. The estimate from the EMS motor fuel tax exemption is based on data from the American Ambulance Association, the Texas Ambulance Association, and the Texas Department of State Health Services. The applicable motor fuel tax rate was applied to the estimated number of gallons to be exempted each year to arrive at an annual revenue loss. The annual revenue loss was trended forward over the five-year projection period. The first year's revenue loss was adjusted to allow for the statutory lag in motor fuel tax remittances.

The bill's proposed exemption of real property leased to charter schools and reimbursement of the resulting tax savings to the charter schools through a rent credit would create a fiscal cost. The non-charter (regular) school district and other taxing units would lose taxable value and the associated property tax revenue to the new exemption resulting in a cost to the regular school district, other taxing units, and to the state through the operation of the school funding formulas.

The value of real property leased by charter schools was estimated based on information from the Texas Charter Schools Association, the Texas Education Agency, and appraisal districts. Projected tax rates were applied through the five-year projection period to estimate the school district loss that would be transferred to the state. Under the hold harmless provisions of the Education Code, only a small portion of each year's additional school district loss related to the compressed rate would be transferred to the state while in subsequent years 100 percent of the loss would be transferred to the state. Because lagged year property values are used in the enrichment formula, school districts lose enrichment funding (a state gain) in the first year of a taxable property value reduction. In the second and successive years the enrichment loss and a portion of the school district debt (facilities) loss are transferred to the state through the relevant funding formulas.

The CPA notes that repealing the controlled substances tax, when combined with the repeal of taxes on liquefied gas, oil regulation, sulphur, inheritances and fireworks, will allow the Comptroller to redeploy resources to audit and enforcement activities for other sources of revenue. According to CPA, redeploying these resources will generate revenue sufficient to offset revenue lost from repealing controlled substances and airline and passenger train beverage taxes.

The change to the state hotel occupancy tax provisions would be a clarification of existing law and therefore would have no impact on state revenues.

The bill's provision of a property tax exemption to certain real and personal property owned by Type A and Type B corporations would create a cost to local governments and to the state through the operation of the school funding formulas to the extent that the property is not already exempt as public property or under another exemption in Chapter 11 of the Tax Code. There are over 700 Type A and Type B corporations in Texas. All of the property of Type B corporations, and much of the property of Type A corporations, however, is already exempt under current law (or under an interpretation of the law). The amount of property that would be exempted under the bill is unknown; consequently, the cost of the bill cannot be estimated.

The section of the bill regarding the taxability of snack items would codify current administrative practice and consequently would have no fiscal implications.

### **Local Government Impact**

The estimated fiscal implication to units of local government is reflected in the table above.

The bill would amend Chapter 351 of the Tax Code, regarding municipal hotel occupancy taxes, to allow a municipality to spend no more than one percent of hotel occupancy tax revenue for the creation, maintenance, operation, and administration of an electronic tax administration system. A municipality could contract with a third party to assist with an electronic tax administration system.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** UP, KK, SD, AG

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**TAX/FEE EQUITY NOTE**

**84TH LEGISLATIVE REGULAR SESSION**

**May 30, 2015**

**TO:** Honorable Dan Patrick, Lieutenant Governor, Senate  
Honorable Joe Straus, Speaker of the House, House of Representatives

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB1905** by Springer (Relating to certain state and local taxes, including ad valorem taxes, and to the repeal of certain of those taxes. ), **Conference Committee Report**

No statistically significant impact on the overall distribution of a state tax or fee burden among individuals and businesses is anticipated from the provisions of this bill.

**Source Agencies:**

**LBB Staff:** UP, KK

**Certification of Compliance with  
Rule 13, Section 6(b), House Rules of Procedure**

Rule 13, Section 6(b), House Rules of Procedure, requires a copy of a conference committee report signed by a majority of each committee of the conference to be furnished to each member of the committee in person or, if unable to deliver in person, by placing a copy in the member's newspaper mailbox at least one hour before the report is furnished to each member of the house under Rule 13, Section 10(a). The paper copies of the report submitted to the chief clerk under Rule 13, Section 10(b), must contain a certificate that the requirement of Rule 13, Section 6(b), has been satisfied, and that certificate must be attached to the copy of the report furnished to each member under Rule 13, Section 10(d). Failure to comply with this requirement is not a sustainable point of order under Rule 13.

I certify that a copy of the conference committee report on HB1905 was furnished to each member of the conference committee in compliance with Rule 13, Section 6(b), House Rules of Procedure, before submission of the paper copies of the report to the chief clerk under Rule 13, Section 10(b), House Rules of Procedure.

  
(name)

5-30-15  
(date)