

BILL ANALYSIS

C.S.H.B. 4296
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Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Diesel fuel meant for off-road use only, such as in farm and construction equipment, is not taxed. Since the 1990s, federal law has required such tax-exempt diesel fuel to be dyed bright red. Using dyed diesel on the highway or knowingly selling it for such use is illegal under both state and federal law. Winter Storm Uri, which struck Texas in February of this year, exposed the unavailability of regular diesel fuel as a critical vulnerability for Texas agriculture. Amid the storm, regular diesel supplies were quickly exhausted and unable to be replenished. Many agricultural producers had off-road, dyed diesel available for their tractors and other equipment, but could not use that fuel legally to power motor vehicles on the highway. Producers were left with the prospect of either breaking the law or being unable to reach livestock to deliver food, water, and care. C.S.H.B. 4296 seeks to mitigate the impact of disasters on essential workers such as farmers and ranchers by authorizing the on-highway use of dyed diesel fuel for a period during and after certain disaster declarations.

CRIMINAL JUSTICE IMPACT

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

RULEMAKING AUTHORITY

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

ANALYSIS

C.S.H.B. 4296 amends the Tax Code to authorize a person who purchases dyed diesel motor fuel to operate a motor vehicle on a public highway in Texas with that fuel in the fuel supply tank under the following conditions:

- the purchaser furnishes to the licensed supplier or distributor the required signed statement that includes an end user number issued by the comptroller of public accounts;
- the vehicle is operated on the highway during a period beginning on the date the governor declares a state of disaster due to a fire, flood, earthquake, tornado, hurricane, storm, or energy emergency and ending on the 30th day after the declaration expires or otherwise terminates; and
- the vehicle either is operated in the designated disaster area or has the dyed motor fuel placed in its fuel supply tank in the disaster area.

EFFECTIVE DATE

September 1, 2021.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 4296 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute does not provide for the use of dyed fuel during a local state of disaster and limits an applicable state of disaster declared by the governor to a disaster due to a fire, flood, earthquake, tornado, hurricane, storm, or energy emergency.

The substitute limits the use of dyed fuel to a purchaser who complies with a certain documentation requirement for tax purposes.

The substitute specifies that the authorized use of the dyed fuel during a disaster period is for operation of a motor vehicle on a public highway, extends that authorization for 30 days after the state of disaster has ended, and clarifies that the fuel may be used outside the disaster area if the fuel was placed into the vehicle's fuel supply tank in the disaster area.

The substitute does not include a requirement for the Texas Division of Emergency Management to approve the use of dyed fuel in the disaster area.