

**SUBJECT:** Exempting certain vehicles used by nonprofit food banks from fuel taxes

**COMMITTEE:** Ways & Means — favorable, without amendment

**VOTE:** 10 ayes — Meyer, Thierry, Craddick, Gervin-Hawkins, Hefner, Muñoz, Noble, Raymond, Shine, Turner

0 nays

1 absent — Button

**WITNESSES:** For — Beth Corbett, Central Texas Food Bank; Brian Greene, Houston Food Bank (*Registered, but did not testify*: Dick Lavine, Every Texan; Christine Yanas, Methodist Healthcare Ministries; Thomas Parkinson)

Against — None

On — (*Registered, but did not testify*: Lara Abi Habib, Comptroller of Public Accounts)

**BACKGROUND:** Some have suggested that exempting from fuel taxes and registration fees the vehicles used by food banks to deliver food could help alleviate the burden of transportation costs on these nonprofits.

**DIGEST:** HB 3599 would exempt from motor fuel taxes gasoline and diesel fuel sold to a nonprofit food bank and delivered either into the fuel supply tank of a vehicle weighing at least 25,000 pounds that was owned by the food bank and used to deliver food or into a storage facility from which the fuel would be delivered into the tanks of such vehicles.

The bill would authorize certain licensed suppliers, distributors, and other license holders to receive a tax credit if the license holder had paid tax on the purchase of gasoline or diesel fuel and subsequently resold the fuel without collecting the tax to a nonprofit that would use the fuel in the above manner.

A nonprofit food bank would be entitled to file a claim for a refund of qualifying taxes paid for gasoline or diesel fuel used to deliver food as prescribed by the bill. The food bank would be required to maintain all supporting documentation for the refund for six years.

The owner of a vehicle used by a nonprofit food bank as described in the bill would be exempt from the registration fee that would otherwise be required. An application for exempt registration would have to include a statement by the owner and a signed statement by an officer of the nonprofit food bank that the vehicle was used by the food bank to deliver food.

The bill would take effect September 1, 2023, and would apply only to tax liability accruing and a registration application submitted on or after that date.

NOTES:

According to the Legislative Budget Board, HB 3599 would have an estimated negative impact of \$159,000 to general revenue related funds through the biennium ending August 31, 2025.