

BILL ANALYSIS

Senate Research Center

H.B. 1241
By: Counts (Duncan)
Business & Commerce
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Engrossed

DIGEST AND PURPOSE

Current law prohibits a tax-free purchase or sale of any diesel fuel of more than 3,000 gallons in a single transaction or in a calendar month in which the person has purchased more than 10,000 gallons of diesel fuel unless the person holds a bonded user permit. The regulations associated with the purchase or sale of diesel fuel, such as requiring a bonded user permit, are becoming increasingly burdensome to both purchasers and suppliers while doing little to control the illegal use of diesel fuel by the consumer. H.B. 1241 changes the minimum bonding requirement for the purchase of red dyed tax exempt diesel fuel for certain agricultural and oil and gas users.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Sections 153.205(a), (b), and (i), Tax Code, to provide that a purchaser of dyed diesel fuel may make the purchase without a tax being placed on it if all of the diesel fuel will be consumed by the purchaser in oil or gas production, as applicable.

(b) Prohibits a person from making a tax-free purchase of any diesel fuel under this section using a signed statement:

- for the purchase of more than 7,400, rather than 3,000, gallons of dyed or undyed diesel fuel in a single transaction; or
- in a calendar month in which the person has previously purchased certain quantities of dyed or undyed diesel fuel from all sources.

(i) Makes conforming changes.

SECTION 2. Amends Section 153.209, Tax Code, to provide that this section does not affect the right of a purchaser to purchase not more than 25,000 gallons of dyed diesel fuel for the purchaser's own use in oil or gas production, or of dyed or undyed diesel fuel for the purchaser's own use for agricultural purposes only, using a signed statement under Section 153.205.

SECTION 3. Effective date: September 1, 2001.
Makes application of this Act prospective.