

## **BILL ANALYSIS**

Senate Research Center

S.B. 254  
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Finance  
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Enrolled

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Volunteer fire departments (departments) comprise the sole source of fire protection in many areas across the state, especially rural Texas. Raising the funds necessary to operate is a struggle for these departments. Exemption from the motor fuels tax would greatly benefit the departments and help assure their continued ability to provide services.

There are currently several exemptions from the motor fuel tax, including fuels sold to the federal government and public school districts under certain conditions, fuel exported by a licensed supplier to certain states or to a foreign county, fuels moved by truck or rail between licensed suppliers in transport between terminal racks, and fuels delivered or sold to a storage facility of a licensed aviation fuel dealer. Also exempt are dyed diesel fuel and other types of fuel including certain mixtures of taxable diesel fuel blended with water, fuel ethanol, or bio-diesel and clearly identified as such upon sale or use, dyed kerosene delivered to a storage facility at a retail business for non-highway use, or diesel fuel used by certain commercial motor vehicles to transport hazardous materials or passengers on a fixed route and schedule.

S.B. 254 provides a state tax exemption for gasoline and diesel fuel sold to a department for its exclusive use. S.B. 254 also authorizes an eligible department that paid tax on the purchase of gasoline or diesel fuel to file a claim with the comptroller of public accounts for a refund of the tax paid.

### **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 Section 162.104(a), Tax Code, to include gasoline sold to a volunteer fire department (department) in this state for the department's exclusive use to the list of gasoline to which the tax imposed by this subchapter does not apply. Makes nonsubstantive changes.

SECTION 2. Amends Section 162.125, Tax Code, by adding Subsection (g-1), as follows:

(g-1) Entitles a department exempt from the tax imposed under this subchapter that paid tax on the purchase of gasoline to a refund of the tax paid. Authorizes the department to file a refund claim with the comptroller of public accounts (comptroller) for that amount.

SECTION 3. Amends Section 162.204(a), Tax Code, to include diesel fuel sold to a department in this state for the department's exclusive use to the list of substances to which a tax imposed by this subchapter does not apply. Makes nonsubstantive changes.

SECTION 4. Amends Section 162.227, Tax Code, by adding Subsection (f-1), as follows:

(f-1) Entitles a department exempt from the tax imposed under this subchapter that paid tax on the purchase of diesel fuel to a refund of the tax paid. Authorizes the department to file a refund claim with the comptroller for that amount.

SECTION 5. Provides that the change in law made by this Act does not affect taxes imposed before the effective date of this Act, and the law in effect before the effective date of this Act is continued in effect for purposes of the liability for and collection of those taxes.

SECTION 6. Effective date: July 1, 2009, or September 1, 2009.