

BILL ANALYSIS

Senate Research Center
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H.B. 1294
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Transportation
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The current funding scheme for rural transit districts, which involves reliance on state dollars derived from state motor fuel taxes, is unsustainable since these districts are subject to paying the money they receive from these taxes back to the state in taxes on the fuel the districts themselves purchase. These districts, which serve as the primary form of transportation for many in rural communities, deserve to be funded adequately to ensure they are able to maintain service for residents in these communities.

H.B. 1294 would support the operation of these districts by exempting their fuel purchases from the state motor fuel taxes. It would also include the resale of gasoline or diesel fuel to a rural transit district without collecting the applicable tax as a circumstance under which holders of certain licenses relating to gasoline and diesel fuel tax may take a credit on a tax return for the period in which the original sale occurred, if the license holder paid the tax on the original purchase and the fuel is used exclusively to provide public transportation.

H.B. 1294 amends current law relating to an exemption from motor fuel taxes for certain fuel used by a rural transit district to provide public transportation.

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, effective January 1, 2024, as follows:

(a) Provides that the tax imposed by Subchapter B (Gasoline Tax) does not apply to certain types of gasoline, including gasoline sold to a rural transit district created under Chapter 458 (Rural and Urban Transit Districts), Transportation Code, that uses the gasoline exclusively to provide public transportation. Makes nonsubstantive changes.

SECTION 2. Amends Section 162.125(a), Tax Code, effective January 1, 2024, as follows:

(a) Authorizes a license holder to take a credit on a return for the period in which the sale occurred if the license holder paid tax on the purchase of gasoline and subsequently resells the gasoline without collecting the tax to certain entities, including a rural transit district created under Chapter 458, Transportation Code, that uses the gasoline exclusively to provide public transportation. Makes nonsubstantive changes.

SECTION 3. Amends Section 162.125(g), Tax Code, as follows:

(g) Authorizes a transit company that paid tax on the purchase of gasoline, and is not otherwise entitled to a refund of that tax under Subchapter B, to seek a refund with the Comptroller of Public Accounts of the State of Texas (comptroller) in an amount equal to one cent per gallon for gasoline used in transit vehicles.

SECTION 4. Amends Subchapter B, Chapter 162, Tax Code, by adding Section 162.1276, as follows:

Sec. 162.1276. REFUND FOR CERTAIN RURAL TRANSIT DISTRICTS. (a) Provides that a rural transit district created under Chapter 458, Transportation Code, is entitled to a refund in the amount provided by this section of taxes paid under this subchapter for gasoline used to provide public transportation and is authorized to file a refund claim with the comptroller for that amount.

(b) Requires that the refund claim under Subsection (a) contain information regarding vehicle mileage, hours of service provided, and fuel consumed.

(c) Requires a rural transit district that requests a refund under this section to maintain all supporting documentation relating to the refund until the sixth anniversary of the date of the request.

(d) Provides that the amount of the refund under Subsection (a) is equal to the amount of tax paid under this subchapter for gasoline that qualifies for the refund and is purchased by the rural transit district.

(e) Provides that, notwithstanding Subsection (d), the amount of the refund under Subsection (a) is equal to:

(1) 50 percent of the amount of tax paid under this subchapter for gasoline that qualifies for the refund and is purchased by the rural transit district on or after January 1, 2022, and before January 1, 2023; and

(2) 75 percent of the amount of tax paid under this subchapter for gasoline that qualifies for the refund and is purchased by the rural transit district on or after January 1, 2023, and before January 1, 2024.

(f) Provides that Subsection (e) and this subsection expire September 1, 2024.

SECTION 5. Amends Section 162.204(a), Tax Code, effective January 1, 2024, as follows:

(a) Provides that the tax imposed by Subchapter C (Diesel Fuel Tax) does not apply to certain diesel fuels, including diesel fuel sold to a rural transit district created under Chapter 458, Transportation Code, that uses the diesel fuel exclusively to provide public transportation. Makes nonsubstantive changes.

SECTION 6. Amends Section 162.227(a), Tax Code, effective January 1, 2024, as follows:

(a) Authorizes a license holder to take a credit on a return for the period in which the sale occurred if the license holder paid tax on the purchase of diesel fuel and subsequently resells the diesel fuel without collecting the tax to certain entities, including a rural transit district created under Chapter 458, Transportation Code, that uses the diesel fuel exclusively to provide public transportation. Makes nonsubstantive changes.

SECTION 7. Amends Section 162.227(f), Tax Code, as follows:

(f) Authorizes a transit company who paid tax on the purchase of diesel fuel, and is not otherwise entitled to a refund of that tax under Subchapter C, to seek a refund with the comptroller of one-half of one cent per gallon for diesel fuel used in transit vehicles.

SECTION 8. Amends Subchapter C, Chapter 162, Tax Code, by adding Section 162.2276, as follows:

Sec. 162.2276. REFUND FOR CERTAIN RURAL TRANSIT DISTRICTS. (a) Provides that a rural transit district created under Chapter 458, Transportation Code, is entitled to a refund in the amount provided by this section of taxes paid under this subchapter for

diesel fuel used to provide public transportation and is authorized to file a refund claim with the comptroller for that amount.

(b) Requires that the refund claim under Subsection (a) contain information regarding vehicle mileage, hours of service provided, and fuel consumed.

(c) Requires a rural transit district that requests a refund under this section to maintain all supporting documentation relating to the refund until the sixth anniversary of the date of the request.

(d) Provides that the amount of the refund under Subsection (a) is equal to the amount of tax paid under this subchapter for diesel fuel that qualifies for the refund and is purchased by the rural transit district.

(e) Provides that, notwithstanding Subsection (d), the amount of the refund under Subsection (a) is equal to:

(1) 50 percent of the amount of tax paid under this subchapter for diesel fuel that qualifies for the refund and is purchased by the rural transit district on or after January 1, 2022, and before January 1, 2023; and

(2) 75 percent of the amount of tax paid under this subchapter for diesel fuel that qualifies for the refund and is purchased by the rural transit district on or after January 1, 2023, and before January 1, 2024.

(f) Provides that Subsection (e) and this subsection expire September 1, 2024.

SECTION 9. Amends Section 162.356(a), Tax Code, effective January 1, 2024, as follows:

(a) Provides that the tax imposed by Subchapter D-1 (Compressed Natural Gas and Liquefied Natural Gas Tax) does not apply to compressed natural gas or liquefied natural gas delivered into the fuel supply tank of certain motor vehicles, including a motor vehicle operated exclusively by a rural transit district created under Chapter 458, Transportation Code, that uses the fuel exclusively to provide public transportation.

SECTION 10. Amends Subchapter D-1, Chapter 162, Tax Code, by adding Section 162.3685, as follows:

Sec. 162.3685. REFUND FOR CERTAIN RURAL TRANSIT DISTRICTS. (a) Provides that a rural transit district created under Chapter 458, Transportation Code, is entitled to a refund in the amount provided by this section of taxes paid under this subchapter for compressed natural gas or liquefied natural gas delivered into the fuel supply tank of a motor vehicle used to provide public transportation and is authorized to file a refund claim with the comptroller for that amount.

(b) Requires that the refund claim under Subsection (a) contain information regarding vehicle mileage, hours of service provided, and fuel consumed.

(c) Requires a rural transit district that requests a refund under this section to maintain all supporting documentation relating to the refund until the sixth anniversary of the date of the request.

(d) Provides that the amount of the refund under Subsection (a) is equal to the amount of tax paid under this subchapter for compressed natural gas or liquefied natural gas that qualifies for the refund and is delivered into the fuel supply tank of a motor vehicle.

(e) Provides that, notwithstanding Subsection (d), the amount of the refund under Subsection (a) is equal to:

(1) 50 percent of the amount of tax paid under this subchapter for compressed natural gas or liquefied natural gas that qualifies for the refund and is delivered into the fuel supply tank of a motor vehicle on or after January 1, 2022, and before January 1, 2023; and

(2) 75 percent of the amount of tax paid under this subchapter for compressed natural gas or liquefied natural gas that qualifies for the refund and is delivered into the fuel supply tank of a motor vehicle on or after January 1, 2023, and before January 1, 2024.

(f) Provides that Subsection (e) and this subsection expire September 1, 2024.

SECTION 11. Provides that a tax imposed by Chapter 162 (Motor Fuel Taxes), Tax Code, does not apply to gasoline, diesel fuel, compressed natural gas, or liquefied natural gas to the extent a rural transit district is entitled to a refund of the tax under Section 162.1276(e)(1) or (2), Section 162.2276(e)(1) or (2), or Section 162.3685(e)(1) or (2), Tax Code, as added by this Act. Provides that, however, the tax is required to be paid as otherwise required by law and a rural transit district is authorized to apply to the comptroller for the refund provided by that added law.

SECTION 12. Provides that a change in law made by this Act does not affect tax liability accruing before the effective date of the change in law. Provides that liability continues in effect as if this Act had not been enacted, and the former law is continued in effect for the collection of taxes due and for civil and criminal enforcement of the liability for those taxes.

SECTION 13. Effective date, except as otherwise provided by this Act: January 1, 2022.