

BILL ANALYSIS

Senate Research Center

H.B. 3599
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Finance
5/12/2023
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Nonprofit food banks operate year-round to provide food access to individuals and families in need across Texas. In order to provide statewide emergency food items, including frozen food, refrigerated, and shelf-stable items, nonprofit food banks must purchase and operate fleets of motor vehicles solely dedicated for transportation and delivery. Specific state transportation-related costs such as motor fuel taxes and vehicle registration fees have a significant impact on food bank expenses. In the past three years, with almost 600 food bank trucks operating in the Feeding Texas Network, the network reports that its nonprofit food banks have spent over \$2 million on transportation-related costs. These exorbitant expenses can unduly burden logistical operations of food banks and compromise resourcefulness.

H.B. 3599 seeks to provide an exemption from motor fuel taxes for a nonprofit food bank's trucks with a minimum gross vehicle weight of 25,000 pounds used to deliver food or for a storage facility from which gasoline will be delivered into the fuel supply tanks of the nonprofit food bank's trucks.

H.B. 3599 amends current law relating to an exemption from certain motor fuel taxes for, and registration fees for motor vehicles owned by, certain nonprofit food banks.

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 162.001, Tax Code, by adding Subdivision (45-a) to define "nonprofit food bank."

SECTION 2. Amends Section 162.104(a), Tax Code, as follows:

(a) Provides that the tax imposed by Subchapter B (Gasoline Tax) does not apply to gasoline:

(1)-(7) makes no changes to these subdivisions;

(8)-(9) makes nonsubstantive changes to these subdivisions; or

(10) sold to a nonprofit food bank and delivered into:

(A) the fuel supply tank of a motor vehicle with a gross vehicle weight rating of at least 25,000 pounds that is owned by the nonprofit food bank and used to deliver food; or

(B) a storage facility from which gasoline will be delivered solely into the fuel supply tanks of motor vehicles described by Paragraph (A).

SECTION 3. Amends Section 162.125(a) Tax Code, 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:

(1)-(3) makes no changes to these subdivisions;

(4)-(5) makes nonsubstantive changes to these subdivisions; or

(6) a nonprofit food bank that delivers or will deliver the gasoline into the fuel supply tank of a motor vehicle with a gross vehicle weight rating of at least 25,000 pounds that is owned by the nonprofit food bank and used to deliver food.

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

Sec. 162.1276. REFUND FOR CERTAIN NONPROFIT FOOD BANKS. (a) Provides that a nonprofit food bank is entitled to and is authorized to file a claim with the Comptroller of Public Accounts of the State of Texas (comptroller) for a refund in the amount provided by this section of taxes paid under this subchapter for gasoline delivered into the fuel supply tank of a motor vehicle with a gross vehicle weight rating of at least 25,000 pounds that is owned by the nonprofit food bank and used to deliver food.

(b) 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 nonprofit food bank.

(c) Requires a nonprofit food bank 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.

SECTION 5. Amends Section 162.204(a), Tax Code, as follows:

(a) Provides that the tax imposed by Subchapter C (Diesel Fuel Tax) does not apply to:

(1)-(13) makes no changes to these subdivisions;

(14)-(15) makes nonsubstantive changes to these subdivisions; or

(16) diesel fuel sold to a nonprofit food bank and delivered into:

(A) the fuel supply tank of a motor vehicle with a gross vehicle weight rating of at least 25,000 pounds that is owned by the nonprofit food bank and used to deliver food; or

(B) a storage facility from which diesel fuel will be delivered solely into the fuel supply tanks of motor vehicles described by Paragraph (A).

SECTION 6. Amends Section 162.227(a), Tax Code, 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:

(1)-(3) makes no changes to these subdivisions;

(4)-(5) makes nonsubstantive changes to these subdivisions; or

(6) a nonprofit food bank that delivers or will deliver the diesel fuel into the fuel supply tank of a motor vehicle with a gross vehicle weight rating of at least 25,000 pounds that is owned by the nonprofit food bank and used to deliver food.

SECTION 7. Amends Subchapter C, Chapter 162, Tax Code, by adding Section 162.2276, as follows:

Sec. 162.2276. REFUND FOR CERTAIN NONPROFIT FOOD BANKS. (a) Provides that a nonprofit food bank is entitled to and is authorized to file a claim with the comptroller for a refund in the amount provided by this section of taxes paid under this subchapter for diesel fuel delivered into the fuel supply tank of a motor vehicle with a gross vehicle weight rating of at least 25,000 pounds that is owned by the nonprofit food bank and used to deliver food.

(b) 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 nonprofit food bank.

(c) Requires a nonprofit food bank 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.

SECTION 8. Amends Subchapter J, Chapter 502, Transportation Code, by adding Section 502.458, as follows:

Sec. 502.458. VEHICLES USED BY NONPROFIT FOOD BANKS. (a) Defines "nonprofit food bank."

(b) Authorizes the owner of a motor vehicle described by Section 162.104(a)(10)(A) or 162.204(a)(16)(A), Tax Code, to apply for registration under Section 502.451 (Exempt Vehicles) of this code and provides that the owner is exempt from the payment of the registration fee that would otherwise be required by Chapter 502 (Registration of Vehicles) if the vehicle is used by a nonprofit food bank to deliver food.

(c) Requires that an application for registration under this section include:

(1) a statement by the owner of the vehicle that the vehicle is used by a nonprofit food bank to deliver food; and

(2) a statement signed by an officer of the nonprofit food bank that the vehicle has been used by a nonprofit food bank to deliver food and qualifies for registration under this section.

SECTION 9. Provides that Chapter 162, Tax Code, as amended by this Act, does not affect tax liability accruing before the effective date of this Act. Provides that 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 10. Makes application of Section 502.458, Transportation Code, as added by this Act, prospective.

SECTION 11. Effective date: September 1, 2023.