

## **BILL ANALYSIS**

Senate Research Center

S.B. 1782  
By: Hinojosa  
Finance  
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As Filed

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

H.B. 2458 (78th Legislature, Regular Session, 2003) moved the point of collection for motor fuels taxes from the distributor level to the supplier. The net effect was that motor fuels taxes are assessed when a distributor removes fuel from a fuel terminal. This change is commonly referred to as "back to the rack," where the point of collection moved to the rack where fuels are dispensed. Prior to this change, fuels taxes were assessed when a distributor made a taxable sale to an end user.

H.B. 2458 created a new chapter in the Tax Code, Chapter 162 (Motor Fuels Taxes), providing for the remittance and collection of motor fuels taxes. Many of the provisions in Chapter 162 were taken from Chapter 153 (Motor Fuel Taxes [Repealed]), where motor fuels tax law was previously found.

In the process of moving statutory provisions from Chapter 153 to Chapter 162, H.B. 2458 inadvertently included two different statutory provisions for addressing tax credits taken by a motor fuels supplier following a distributor's default of motor fuels taxes. Specifically, identical provisions currently found in Sections 162.116(d) (relating to ratable application of payments or credits in reduction of a customer's account between motor fuels and other goods sold to the customer) and 162.217(d) (relating to ratable application of payments or credits in reduction of a customer's account between motor fuels and other goods sold to the customer), Tax Code, include a requirement that the tax resulting from the sale of motor fuels and other goods be apportioned. Because motor fuels are the only goods exchanged, these provisions are no longer applicable to the relationship between distributors and suppliers under Chapter 162.

As proposed, S.B. 1782 repeals Section 162.116(d), Tax Code, and Section 162.217(d), Tax Code.

### **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. Repealer: Section 162.116(d) (relating to ratable application of payments or credits in reduction of a customer's account between motor fuels and other goods sold to the customer), Tax Code.

Repealer: 162.217(d) (relating to ratable application of payments or credits in reduction of a customer's account between motor fuels and other goods sold to the customer), Tax Code.

SECTION 2. Effective date: upon passage or September 1, 2009.