

BILL ANALYSIS

Senate Research Center
85R7012 BEF-F

S.B. 1120
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Finance
3/23/2017
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Texas statute prohibits a political subdivision of the state from imposing its own motor fuel tax on gasoline, diesel fuel, or liquefied gas. Prior to 2013, compressed natural gas (CNG) and liquefied natural gas (LNG) were generally included in the definition of liquefied gas, so the prohibition extended to both. When CNG and LNG were separated in statute to create a new collection mechanism for those taxes to increase the efficiency of the tax structure, both types of gas were removed from the definition of liquefied gas, opening an unintended loophole that allows a local entity to impose its own motor fuel tax on these fuels. Accordingly, S.B. 1120 cleans up the 2013 reform measures to close this inadvertent loophole and continue the prohibition on local motor fuel taxes for all types of motor fuels.

As proposed, S.B. 1120 amends current law relating to the prohibition of local motor fuel taxes on compressed natural gas and liquefied natural gas.

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 162.014, Tax Code, as follows:

Sec. 162.014. OTHER MOTOR FUEL TAXES PROHIBITED. Provides that the taxes imposed by this chapter are in lieu of any other excise or occupation tax imposed by a political subdivision of this state on the sale, use, or distribution of gasoline, diesel fuel, compressed natural gas, liquefied natural gas, or liquefied gas.

SECTION 2. Effective date: upon passage or by September 1, 2017.