

Chapter 1255

H.B. No. 1905

AN ACT

relating to certain state and local taxes, including ad valorem taxes, and to the repeal of certain of those taxes.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 34.04, Alcoholic Beverage Code, is amended to read as follows:

Sec. 34.04. EXEMPTION FROM TAXES. ~~[(a) The taxes imposed by this code shall be paid on all alcoholic beverages on a commercial passenger aircraft departing from an airport in this state, in accordance with rules and regulations prescribed by the commission.~~

~~[(b)]~~ The preparation and service of alcoholic beverages by the holder of an airline beverage permit is exempt from a tax imposed by this code and from the tax imposed by Chapter 151, Tax Code ~~[the Limited Sales, Excise and Use Tax Act]~~. ~~[An airline beverage service fee of five cents is imposed on each individual serving of an alcoholic beverage served by the permittee inside the state. The fee accrues at the time the container containing an alcoholic beverage is delivered to the passenger. The permittee may absorb the cost of the fee or may collect it from the passenger. The permittee shall remit the fees to the commission each month under a reporting system prescribed by the commission.]~~

SECTION 2. Section 48.04, Alcoholic Beverage Code, is amended to read as follows:

Sec. 48.04. EXEMPTION FROM TAXES. ~~[(a) The taxes imposed by~~

1 ~~this code shall be paid on all alcoholic beverages on a commercial~~
2 ~~passenger train departing from a depot in this state in accordance~~
3 ~~with the rules prescribed by the commission.~~

4 ~~[(b)]~~ The preparation and service of alcoholic beverages by
5 the holder of a passenger train beverage permit is exempt from a tax
6 imposed by this chapter and from the tax imposed by Chapter 151, Tax
7 Code ~~[the Limited Sales, Excise, and Use Tax Act (Section 151.001 et~~
8 ~~seq., Tax Code)]~~. ~~[A passenger train service fee of five cents is~~
9 ~~imposed on each individual serving of an alcoholic beverage served~~
10 ~~by the permittee inside the state. The fee accrues at the time the~~
11 ~~container containing an alcoholic beverage is delivered to the~~
12 ~~passenger. The permittee shall remit the fees to the commission~~
13 ~~each month under a reporting system prescribed by the commission.]~~

14 SECTION 3. Section 2001.103(d), Occupations Code, is
15 amended to read as follows:

16 (d) An organization operating under a temporary license is
17 subject to:

18 (1) the ~~[taxes and]~~ fees authorized or imposed by this
19 chapter; and

20 (2) the other provisions of this chapter to the extent
21 they can be made applicable.

22 SECTION 4. Section 2001.312, Occupations Code, is amended
23 to read as follows:

24 Sec. 2001.312. FAILURE TO FILE ~~[TAX OR]~~ FEE REPORTS. A
25 person is not eligible for a license or a license renewal unless all
26 required reports ~~[, tax returns,]~~ and requested information have
27 been filed under this chapter.

SECTION 5. Section 2001.355(b), Occupations Code, is amended to read as follows:

(b) Before temporarily suspending a license, the director of bingo operations must follow any prehearing rules adopted by the commission to determine if the license holder's continued operation may constitute:

(1) an immediate threat to the health, safety, morals, or welfare of the public; or

(2) a financial loss to this state, which includes a license holder's failure to remit [~~taxes under Section 2001.501 or~~] prize fee payments under Section 2001.502 to the commission as required by that section [~~those sections~~].

SECTION 6. Section 2001.437(a), Occupations Code, is amended to read as follows:

(a) If the unit accounting agreement of a unit states that a unit manager is responsible for compliance with commission rules and this chapter, the unit manager is responsible for:

(1) the filing of one quarterly report for the unit on a form prescribed by the commission; and

(2) the payment of [~~taxes and~~] fees and the maintenance of the bingo inventory and financial records of the unit.

SECTION 7. Section 2001.438(f), Occupations Code, is amended to read as follows:

(f) Each licensed authorized organization that is a member of the unit shall be jointly and severally liable for:

(1) compliance with the requirements of this

subchapter and the rules of the commission relating to the filing of required reports;

(2) the maintenance of bingo inventory and financial records; and

(3) the payment of [~~taxes~~,] fees [,] and any penalties imposed for a violation of this subchapter or commission rules related to the operations of the unit.

SECTION 8. The heading to Subchapter K, Chapter 2001, Occupations Code, is amended to read as follows:

SUBCHAPTER K. [~~TAXES AND~~] PRIZE FEES

SECTION 9. Section 2001.504, Occupations Code, is amended to read as follows:

Sec. 2001.504. PAYMENT AND REPORTING OF [~~TAX OR~~] FEE. (a) A [~~tax or~~] fee on prizes authorized or imposed under this subchapter is due and is payable by the license holder or a person conducting bingo without a license to the commission quarterly on or before the 25th day of the month succeeding each calendar quarter.

(b) The report of the [~~a tax or~~] fee on prizes must be filed under oath on forms prescribed by the commission.

(c) The commission shall adopt rules for the payment of the fee on prizes [~~taxes and fees~~].

(d) A license holder required to file a report of the fee on prizes [~~tax return~~] shall deliver the quarterly report [~~return~~] with the net amount of the fee [~~tax~~] due to the commission.

~~[(e) The commission shall deposit the revenue collected under this section to the credit of the general revenue fund.]~~

SECTION 10. Section 2001.508, Occupations Code, is amended

1 to read as follows:

2 Sec. 2001.508. PENALTIES FOR FAILURE TO PAY OR REPORT. (a)
3 If a person fails to file a report of the fee on prizes [~~return~~] as
4 required by this chapter or fails to pay to the commission the fee
5 on prizes [~~taxes~~] imposed under this chapter when the report
6 [~~return~~] or payment is due, the person forfeits five percent of the
7 amount due as a penalty, and after the first 30 days, the person
8 forfeits an additional five percent.

9 (b) A delinquent payment of the fee on prizes [~~tax~~] accrues
10 interest at the rate provided by Section 111.060, Tax Code,
11 beginning on the 60th day after the due date.

12 SECTION 11. Section 2001.509, Occupations Code, is amended
13 to read as follows:

14 Sec. 2001.509. RECOMPUTATION OF PRIZE FEE [~~TAX~~]. If the
15 commission is not satisfied with a report of the fee on prizes [~~tax~~
16 ~~return~~] or the amount of the fee on prizes [~~tax~~] required to be
17 remitted under this chapter to the state by a person, the commission
18 may compute and determine the amount required to be paid on the
19 basis of:

20 (1) the facts contained in the report of the fee on
21 prizes [~~return~~] or report of receipts and expenses; or

22 (2) any information possessed by the commission or
23 that may come into the possession of the commission, without regard
24 to the period covered by the information.

25 SECTION 12. The heading to Section 2001.510, Occupations
26 Code, is amended to read as follows:

27 Sec. 2001.510. DETERMINATION IF NO REPORT [~~RETURN~~] MADE.

SECTION 13. Sections 2001.510(a) and (c), Occupations Code, are amended to read as follows:

(a) If a license holder fails to make a required report of the fee on prizes [~~return~~], or if a person conducts bingo without a license, the commission shall make an estimate of the prizes awarded at a bingo occasion [~~or of the gross rentals received by a license holder for the rental of premises~~]. The commission shall make the estimate for the period in respect to which the license holder or other person failed to make a report [~~return~~].

(c) On the basis of the commission's estimate, the commission shall compute and determine the amount of the fee on prizes [~~taxes or fees~~] required to be paid to the state and shall add to that amount a penalty of 10 percent of the amount.

SECTION 14. Sections 2001.511(a) and (c), Occupations Code, are amended to read as follows:

(a) If the commission believes that the collection of the [~~a gross rental tax or~~] fee on prizes, an amount of the [~~tax or~~] fee on prizes required to be remitted to the state, or the amount of a determination will be jeopardized by delay, the commission shall make a determination of the [~~tax or~~] fee on prizes or amount of the [~~tax or~~] fee required to be collected, noting the finding of jeopardy on the determination. The determined amount is due and payable immediately.

(c) A delinquency penalty of 10 percent of the [~~tax or~~] fee on prizes or amount of the [~~tax or~~] fee on prizes and interest at the rate of 10 percent a year attaches to the amount of the [~~tax or~~] fee on prizes or the amount of the [~~tax or~~] fee on prizes required to be

1 collected.

2 SECTION 15. Section 2001.512, Occupations Code, is amended
3 to read as follows:

4 Sec. 2001.512. APPLICATION OF TAX LAWS. (a) Subtitle B,
5 Title 2, Tax Code, applies to the administration, collection, and
6 enforcement of [~~the gross rentals tax imposed under Section~~
7 ~~2001.501 and~~] the fee on prizes imposed under Section 2001.502
8 except as modified by this chapter.

9 (b) In applying the provisions of Subtitle B, Title 2, Tax
10 Code, to [~~the gross rentals tax imposed under Section 2001.501 and~~]
11 the fee on prizes imposed under Section 2001.502 only, the fee on
12 prizes is treated as if it were a tax and the powers and duties
13 assigned to the comptroller under that subtitle are assigned to the
14 commission.

15 SECTION 16. Section 2001.513(a), Occupations Code, is
16 amended to read as follows:

17 (a) At any time within three years after a person is
18 delinquent in the payment of an amount of the [~~gross rentals tax or~~]
19 fee on prizes, the commission may collect the amount under this
20 section.

21 SECTION 17. Sections 2001.514(a), (c), and (d), Occupations
22 Code, are amended to read as follows:

23 (a) To secure payment of [~~the tax on gross rentals or~~] the
24 fee on prizes imposed under this subchapter, each license holder
25 shall furnish to the commission:

26 (1) a cash bond;

27 (2) a bond from a surety company chartered or

1 authorized to do business in this state;

2 (3) certificates of deposit;

3 (4) certificates of savings;

4 (5) United States treasury bonds;

5 (6) subject to the approval of the commission, an
6 assignment of negotiable stocks or bonds; or

7 (7) other security as the commission considers
8 sufficient.

9 (c) On a license holder's failure to pay [~~the gross rentals~~
10 ~~tax or~~] the fee on prizes imposed under this subchapter, the
11 commission may notify the license holder and any surety of the
12 delinquency by jeopardy or deficiency determination. If payment is
13 not made when due, the commission may forfeit all or part of the
14 bond or security.

15 (d) If the license holder ceases to conduct bingo and
16 relinquishes the license holder's license, the commission shall
17 authorize the release of all bonds and other security on a
18 determination that no amounts of [~~the gross rentals tax or~~] the fee
19 on prizes remain due and payable under this subchapter.

20 SECTION 18. Section 2001.515, Occupations Code, is amended
21 to read as follows:

22 Sec. 2001.515. COMMISSION'S [~~TAX~~] DUTIES. The commission
23 shall perform all functions incident to the administration,
24 collection, enforcement, and operation of the fee on prizes [~~a tax~~]
25 imposed under this subchapter.

26 SECTION 19. (a) Subchapter B, Chapter 11, Tax Code, is
27 amended by adding Section 11.211 to read as follows:

1 Sec. 11.211. REAL PROPERTY LEASED TO CERTAIN SCHOOLS. A
2 person is entitled to an exemption from taxation of the real
3 property that the person owns and leases to a school that is
4 qualified as provided by Section 11.21(d) if:

5 (1) the real property is used exclusively by the
6 school for educational functions;

7 (2) the real property is reasonably necessary for the
8 operation of the school;

9 (3) the owner certifies by affidavit to the school
10 that the rent for the lease of the real property will be reduced by
11 an amount equal to the amount by which the taxes on the property are
12 reduced as a result of the exemption;

13 (4) the owner provides the school with a disclosure
14 document stating the amount by which the taxes on the real property
15 are reduced as a result of the exemption and the method the owner
16 will implement to ensure that the rent charged for the lease of the
17 property fully reflects that reduction; and

18 (5) the rent charged for the lease of the real property
19 reflects the reduction in the amount of taxes on the property
20 resulting from the exemption through a monthly or annual credit
21 against the rent.

22 (b) This section applies only to ad valorem taxes imposed
23 for a tax year beginning on or after the effective date of this
24 section.

25 SECTION 20. (a) Section 11.231, Tax Code, is amended by
26 adding Subsection (a-1) to read as follows:

27 (a-1) In addition to an organization described by

1 Subsection (a), in this section, "nonprofit community business
2 organization" also means a Type A corporation governed by Chapter
3 504, Local Government Code, and a Type B corporation governed by
4 Chapter 505, Local Government Code.

5 (b) This section applies only to ad valorem taxes imposed
6 for a tax year that begins on or after the effective date of this
7 section.

8 SECTION 21. Section 151.314, Tax Code, is amended by
9 amending Subsections (b-1), (c-2), and (h) and adding Subsection
10 (c-4) to read as follows:

11 (b-1) For purposes of this section, "snack items" means
12 ~~[includes]~~:

13 (1) breakfast bars, granola bars, nutrition bars,
14 sports bars, protein bars, or yogurt bars, unless labeled and
15 marketed as candy;

16 (2) snack mix or trail mix;

17 (3) nuts, but not including pine nuts or ~~[unless]~~
18 candy-coated nuts;

19 (4) popcorn; ~~[and]~~

20 (5) chips, crackers, ~~[or]~~ hard pretzels, pork rinds,
21 or corn nuts;

22 (6) sunflower seeds or pumpkin seeds;

23 (7) ice cream, sherbet, or frozen yogurt; and

24 (8) ice pops, juice pops, sorbet, or other frozen
25 fruit items containing not more than 50 percent fruit juice by
26 volume.

27 (c-2) The exemption provided by Subsection (a) does not

1 include the following prepared food:

2 (1) food, food products, and drinks, including meals,
3 milk and milk products, fruit and fruit products, sandwiches,
4 salads, processed meats and seafoods, vegetable juice, and ice
5 cream in cones or small cups, served, prepared, or sold ready for
6 immediate consumption [~~in or~~] by restaurants, lunch counters,
7 cafeterias, delis, vending machines, hotels, or like places of
8 business or sold ready for immediate consumption from pushcarts,
9 motor vehicles, or any other form of vehicle;

10 (2) food sold in a heated state or heated by the
11 seller; or

12 (3) two or more food ingredients mixed or combined by
13 the seller for sale as a single item, including items that are sold
14 in an unheated state by weight or volume as a single item, but not
15 including food that is only cut, repackaged, or pasteurized by the
16 seller.

17 (c-4) For purposes of Subdivision (c-2)(1), if a grocery
18 store or convenience store contains a type of location listed in
19 that subdivision, the store is considered a like place of business
20 for purposes of that subdivision, but only in relation to items sold
21 at that location.

22 (h) The exemption provided by Subsection (a) does not apply
23 to a snack item if the item is sold through a vending machine or is
24 sold in individual-sized portions. For purposes of this
25 subsection, an individual-sized portion is a portion that:

26 (1) is labeled as having not more than one serving; or

27 (2) contains less than 2.5 ounces[, ~~if the package~~

1 ~~does not specify the number of servings].~~

2 SECTION 22. (a) Section 156.001, Tax Code, is amended to
3 read as follows:

4 Sec. 156.001. DEFINITIONS [~~DEFINITION~~]. (a) In this
5 chapter, "hotel" means a building in which members of the public
6 obtain sleeping accommodations for consideration. The term
7 includes a hotel, motel, tourist home, tourist house, tourist
8 court, lodging house, inn, rooming house, or bed and breakfast. The
9 term does not include:

10 (1) a hospital, sanitarium, or nursing home;

11 (2) a dormitory or other housing facility owned or
12 leased and operated by an institution of higher education or a
13 private or independent institution of higher education as those
14 terms are defined by Section 61.003, Education Code, used by the
15 institution for the purpose of providing sleeping accommodations
16 for persons engaged in an educational program or activity at the
17 institution; or

18 (3) an oilfield portable unit, as defined by Section
19 152.001.

20 (b) For purposes of the imposition of a hotel occupancy tax
21 under this chapter, Chapter 351 or 352, or other law, "hotel"
22 includes a short-term rental. In this subsection, "short-term
23 rental" means the rental of all or part of a residential property to
24 a person who is not a permanent resident under Section 156.101.

25 (b) The heading to Section 351.005, Tax Code, is amended to
26 read as follows:

27 Sec. 351.005. REIMBURSEMENT FOR [~~TAX COLLECTION~~] EXPENSES

1 OF TAX COLLECTION AND USE OF ELECTRONIC TAX ADMINISTRATION SYSTEM.

2 (c) Section 351.005(a), Tax Code, is amended to read as
3 follows:

4 (a) A municipality may permit a person who is required to
5 collect and pay over to the municipality the tax authorized by this
6 chapter not more than one percent of the amount collected and
7 required to be reported as reimbursement to the person for the costs
8 in collecting the tax and, if applicable, the use of an electronic
9 tax administration system described by Section 351.1012.

10 (d) Subchapter B, Chapter 351, Tax Code, is amended by
11 adding Section 351.1012 to read as follows:

12 Sec. 351.1012. ELECTRONIC TAX ADMINISTRATION SYSTEM. (a)
13 Notwithstanding any other provision of this chapter, a municipality
14 may spend not more than one percent of the revenue derived from the
15 tax authorized by this chapter for the creation, maintenance,
16 operation, and administration of an electronic tax administration
17 system.

18 (b) A municipality may contract with a third party to assist
19 in the creation, maintenance, operation, or administration of the
20 electronic tax administration system.

21 (e) The amendments made by this section to Section 156.001,
22 Tax Code, are a clarification of existing law and do not imply that
23 existing law may be construed as inconsistent with the law as
24 amended by this section.

25 (f) This section takes effect immediately if this Act
26 receives a vote of two-thirds of all the members elected to each
27 house, as provided by Section 39, Article III, Texas Constitution.

1 If this Act does not receive the vote necessary for this section to
2 have immediate effect, this section takes effect September 1, 2015.

3 SECTION 23. Sections 162.001(38), (39), and (42), Tax Code,
4 are amended to read as follows:

5 (38) "License holder" means a person licensed by the
6 comptroller under Section 162.105, 162.205, [~~162.304, 162.305,~~
7 ~~162.306,~~] 162.357, or 162.358.

8 (39) "Liquefied gas" means all combustible gases that
9 exist in the gaseous state at 60 degrees Fahrenheit and at a
10 pressure of 14.7 pounds per square inch absolute, but does not
11 include compressed natural gas, liquefied natural gas, gasoline, or
12 diesel fuel. Liquefied gas is considered a special fuel for
13 purposes of Section 151.308.

14 (42) "Motor fuel" means gasoline, diesel fuel,
15 [~~liquefied gas,~~] gasoline blended fuel, compressed natural gas,
16 liquefied natural gas, and other products that are offered for
17 sale, sold, used, or capable of use as fuel for a gasoline-powered
18 engine or a diesel-powered engine.

19 SECTION 24. Section 162.104(a), Tax Code, is amended to
20 read as follows:

21 (a) The tax imposed by this subchapter does not apply to
22 gasoline:

23 (1) sold to the United States for its exclusive use,
24 provided that the exemption does not apply with respect to fuel sold
25 or delivered to a person operating under a contract with the United
26 States;

27 (2) sold to a public school district in this state for

1 the district's exclusive use;

2 (3) sold to a commercial transportation company or a
3 metropolitan rapid transit authority operating under Chapter 451,
4 Transportation Code, that provides public school transportation
5 services to a school district under Section 34.008, Education Code,
6 and that uses the gasoline only to provide those services;

7 (4) exported by either a licensed supplier or a
8 licensed exporter from this state to any other state, provided
9 that:

10 (A) for gasoline in a situation described by
11 Subsection (d), the bill of lading indicates the destination state
12 and the supplier collects the destination state tax; or

13 (B) for gasoline in a situation described by
14 Subsection (e), the bill of lading indicates the destination state,
15 the gasoline is subsequently exported, and the exporter is licensed
16 in the destination state to pay that state's tax and has an
17 exporter's license issued under this subchapter;

18 (5) moved by truck or railcar between licensed
19 suppliers or licensed permissive suppliers and in which the
20 gasoline removed from the first terminal comes to rest in the second
21 terminal, provided that the removal from the second terminal rack
22 is subject to the tax imposed by this subchapter;

23 (6) delivered or sold into a storage facility of a
24 licensed aviation fuel dealer from which gasoline will be delivered
25 solely into the fuel supply tanks of aircraft or aircraft servicing
26 equipment, or sold from one licensed aviation fuel dealer to
27 another licensed aviation fuel dealer who will deliver the aviation

1 fuel exclusively into the fuel supply tanks of aircraft or aircraft
2 servicing equipment;

3 (7) exported to a foreign country if the bill of lading
4 indicates the foreign destination and the fuel is actually exported
5 to the foreign country; ~~[or]~~

6 (8) sold to a volunteer fire department in this state
7 for the department's exclusive use; or

8 (9) sold to a nonprofit entity that is organized for
9 the sole purpose of and engages exclusively in providing emergency
10 medical services and that uses the gasoline exclusively to provide
11 emergency medical services, including rescue and ambulance
12 services.

13 SECTION 25. Section 162.125, Tax Code, is amended by adding
14 Subsection (g-2) to read as follows:

15 (g-2) A nonprofit entity exempted under Section
16 162.104(a)(9) from the tax imposed under this subchapter that paid
17 tax on the purchase of gasoline is entitled to a refund of the tax
18 paid, and the entity may file a refund claim with the comptroller
19 for that amount.

20 SECTION 26. Section 162.204(a), Tax Code, is amended to
21 read as follows:

22 (a) The tax imposed by this subchapter does not apply to:

23 (1) diesel fuel sold to the United States for its
24 exclusive use, provided that the exemption does not apply to diesel
25 fuel sold or delivered to a person operating under a contract with
26 the United States;

27 (2) diesel fuel sold to a public school district in

1 this state for the district's exclusive use;

2 (3) diesel fuel sold to a commercial transportation
3 company or a metropolitan rapid transit authority operating under
4 Chapter 451, Transportation Code, that provides public school
5 transportation services to a school district under Section 34.008,
6 Education Code, and that uses the diesel fuel only to provide those
7 services;

8 (4) diesel fuel exported by either a licensed supplier
9 or a licensed exporter from this state to any other state, provided
10 that:

11 (A) for diesel fuel in a situation described by
12 Subsection (d), the bill of lading indicates the destination state
13 and the supplier collects the destination state tax; or

14 (B) for diesel fuel in a situation described by
15 Subsection (e), the bill of lading indicates the destination state,
16 the diesel fuel is subsequently exported, and the exporter is
17 licensed in the destination state to pay that state's tax and has an
18 exporter's license issued under this subchapter;

19 (5) diesel fuel moved by truck or railcar between
20 licensed suppliers or licensed permissive suppliers and in which
21 the diesel fuel removed from the first terminal comes to rest in the
22 second terminal, provided that the removal from the second terminal
23 rack is subject to the tax imposed by this subchapter;

24 (6) diesel fuel delivered or sold into a storage
25 facility of a licensed aviation fuel dealer from which the diesel
26 fuel will be delivered solely into the fuel supply tanks of aircraft
27 or aircraft servicing equipment, or sold from one licensed aviation

1 fuel dealer to another licensed aviation fuel dealer who will
2 deliver the diesel fuel exclusively into the fuel supply tanks of
3 aircraft or aircraft servicing equipment;

4 (7) diesel fuel exported to a foreign country if the
5 bill of lading indicates the foreign destination and the fuel is
6 actually exported to the foreign country;

7 (8) dyed diesel fuel sold or delivered by a supplier to
8 another supplier and dyed diesel fuel sold or delivered by a
9 supplier or distributor into the bulk storage facility of a dyed
10 diesel fuel bonded user or to a purchaser who provides a signed
11 statement as provided by Section 162.206;

12 (9) the volume of water, fuel ethanol, renewable
13 diesel, biodiesel, or mixtures thereof that are blended together
14 with taxable diesel fuel when the finished product sold or used is
15 clearly identified on the retail pump, storage tank, and sales
16 invoice as a combination of diesel fuel and water, fuel ethanol,
17 renewable diesel, biodiesel, or mixtures thereof;

18 (10) dyed diesel fuel sold by a supplier or permissive
19 supplier to a distributor, or by a distributor to another
20 distributor;

21 (11) dyed diesel fuel delivered by a license holder
22 into the fuel supply tanks of railway engines, motorboats, or
23 refrigeration units or other stationary equipment powered by a
24 separate motor from a separate fuel supply tank;

25 (12) dyed kerosene when delivered by a supplier,
26 distributor, or importer into a storage facility at a retail
27 business from which all deliveries are exclusively for heating,

1 cooking, lighting, or similar nonhighway use;

2 (13) diesel fuel used by a person, other than a
3 political subdivision, who owns, controls, operates, or manages a
4 commercial motor vehicle as defined by Section 548.001,
5 Transportation Code, if the fuel:

6 (A) is delivered exclusively into the fuel supply
7 tank of the commercial motor vehicle; and

8 (B) is used exclusively to transport passengers
9 for compensation or hire between points in this state on a fixed
10 route or schedule; ~~[or]~~

11 (14) diesel fuel sold to a volunteer fire department
12 in this state for the department's exclusive use; or

13 (15) diesel fuel sold to a nonprofit entity that is
14 organized for the sole purpose of and engages exclusively in
15 providing emergency medical services and that uses the diesel fuel
16 exclusively to provide emergency medical services, including
17 rescue and ambulance services.

18 SECTION 27. Section 162.227, Tax Code, is amended by adding
19 Subsection (f-2) to read as follows:

20 (f-2) A nonprofit entity exempted under Section
21 162.204(a)(15) from the tax imposed under this subchapter that paid
22 tax on the purchase of diesel fuel is entitled to a refund of the tax
23 paid, and the entity may file a refund claim with the comptroller
24 for that amount.

25 SECTION 28. Section 162.356, Tax Code, is amended to read as
26 follows:

27 Sec. 162.356. EXEMPTIONS. (a) The tax imposed by this

1 subchapter does not apply to compressed natural gas or liquefied
2 natural gas delivered into the fuel supply tank of:

3 (1) a motor vehicle operated exclusively by the United
4 States, provided that the exemption does not apply with respect to
5 fuel delivered into the fuel supply tank of a motor vehicle of a
6 person operating under a contract with the United States;

7 (2) a motor vehicle operated exclusively by a public
8 school district in this state;

9 (3) a motor vehicle operated exclusively by a
10 commercial transportation company or a metropolitan rapid transit
11 authority operating under Chapter 451, Transportation Code, that
12 provides public school transportation services to a school district
13 under Section 34.008, Education Code, and that uses the fuel only to
14 provide those services;

15 (4) a motor vehicle operated exclusively by a
16 volunteer fire department in this state;

17 (5) a motor vehicle operated exclusively by a
18 municipality or county in this state;

19 (6) a motor vehicle operated exclusively by a
20 nonprofit electric cooperative corporation organized under Chapter
21 161, Utilities Code;

22 (7) a motor vehicle operated exclusively by a
23 nonprofit telephone cooperative corporation organized under
24 Chapter 162, Utilities Code;

25 (8) a motor vehicle that is not registered for use on
26 the public highways of this state and that is used exclusively
27 off-highway; [~~or~~]

1 (9) a motor vehicle operated exclusively by a
2 nonprofit entity that is organized for the sole purpose of and
3 engages exclusively in providing emergency medical services and
4 that uses the fuel exclusively to provide emergency medical
5 services, including rescue and ambulance services;

6 (10) off-highway equipment, a stationary engine, a
7 motorboat, an aircraft, equipment used solely for servicing
8 aircraft and used exclusively off-highway, a locomotive, or any
9 device other than a motor vehicle operated or intended to be
10 operated on the public highways; or

11 (11) except as provided by Subsection (b), a motor
12 vehicle:

13 (A) used to provide the services of a transit
14 company, including a metropolitan rapid transit authority under
15 Chapter 451, Transportation Code, or a regional transportation
16 authority under Chapter 452, Transportation Code; and

17 (B) operated by a person who on January 1, 2015,
18 paid tax on compressed natural gas or liquefied natural gas as
19 provided by Section 162.312, as that section existed on that date.

20 (b) The exemption provided by Subsection (a)(11) does not
21 apply to compressed natural gas or liquefied natural gas delivered
22 into the fuel supply tank of a motor vehicle from a refueling
23 facility accessible to motor vehicles other than those described by
24 Subsection (a)(11)(A).

25 SECTION 29. Section 162.365(a), Tax Code, is amended to
26 read as follows:

27 (a) A license holder may take a credit on a return for the

1 period in which the purchase occurred, and a person who does not
2 hold a license under this subchapter may file a refund claim with
3 the comptroller if the license holder or person paid tax on
4 compressed natural gas or liquefied natural gas and the license
5 holder or person:

6 (1) is the United States government and the fuel was
7 delivered into the fuel supply tank of a motor vehicle operated
8 exclusively by the United States, provided that a credit or refund
9 is not allowed for fuel delivered into the fuel supply tank of a
10 motor vehicle operated by a person operating under a contract with
11 the United States;

12 (2) is a public school district in this state and the
13 fuel was delivered into the fuel supply tank of a motor vehicle
14 operated exclusively by the district;

15 (3) is a commercial transportation company that
16 provides public school transportation services to a school district
17 under Section 34.008, Education Code, and the fuel was delivered
18 into the fuel supply tank of a motor vehicle used to provide those
19 services;

20 (4) is a volunteer fire department in this state and
21 the fuel was delivered into the fuel supply tank of a motor vehicle
22 operated exclusively by the department;

23 (5) is a municipality or county in this state and the
24 fuel was delivered into the fuel supply tank of a motor vehicle
25 operated exclusively by the municipality or county;

26 (6) is a nonprofit electric cooperative corporation
27 organized under Chapter 161, Utilities Code, and the fuel was

1 delivered into the fuel supply tank of a motor vehicle operated
2 exclusively by the electric cooperative;

3 (7) is a nonprofit telephone cooperative corporation
4 organized under Chapter 162, Utilities Code, and the fuel was
5 delivered into the fuel supply tank of a motor vehicle operated
6 exclusively by the telephone cooperative;

7 (8) uses the fuel in off-highway equipment, in a
8 stationary engine, in a motorboat, in an aircraft, in equipment
9 used solely for servicing aircraft and used exclusively
10 off-highway, in a locomotive, or for other nonhighway purposes and
11 not in a motor vehicle operated or intended to be operated on the
12 public highways; ~~or~~

13 (9) uses the fuel in a motor vehicle that is operated
14 exclusively off-highway, except for incidental travel on the public
15 highways as determined by the comptroller, provided that a credit
16 or refund may not be allowed for the portion used in the incidental
17 highway travel; or

18 (10) is a nonprofit entity that is organized for the
19 sole purpose of and engages exclusively in providing emergency
20 medical services and the fuel was delivered into the fuel supply
21 tank of a motor vehicle operated exclusively by the nonprofit
22 entity to provide emergency medical services, including rescue and
23 ambulance services.

24 SECTION 30. Section 162.402(a), Tax Code, is amended to
25 read as follows:

26 (a) A person forfeits to the state a civil penalty of not
27 less than \$25 and not more than \$200 if the person:

1 (1) refuses to stop and permit the inspection and
2 examination of a motor vehicle transporting or using motor fuel on
3 demand of a peace officer or the comptroller;

4 (2) operates a motor vehicle in this state without a
5 valid interstate trucker's license or a trip permit when the person
6 is required to hold one of those licenses or permits;

7 (3) ~~[operates a liquefied gas-propelled motor vehicle~~
8 ~~that is required to be licensed in this state, including motor~~
9 ~~vehicles equipped with dual carburetion, and does not display a~~
10 ~~current liquefied gas tax decal or multistate fuels tax agreement~~
11 ~~decal,~~

12 ~~[(4) makes a tax-free sale or delivery of liquefied~~
13 ~~gas into the fuel supply tank of a motor vehicle that does not~~
14 ~~display a current Texas liquefied gas tax decal,~~

15 ~~[(5) makes a taxable sale or delivery of liquefied gas~~
16 ~~without holding a valid dealer's license,~~

17 ~~[(6) makes a tax-free sale or delivery of liquefied~~
18 ~~gas into the fuel supply tank of a motor vehicle bearing~~
19 ~~out-of-state license plates,~~

20 ~~[(7) makes a delivery of liquefied gas into the fuel~~
21 ~~supply tank of a motor vehicle bearing Texas license plates and no~~
22 ~~Texas liquefied gas tax decal, unless licensed under a multistate~~
23 ~~fuels tax agreement,~~

24 ~~[(8)]~~ transports gasoline or diesel fuel in any cargo
25 tank that has a connection by pipe, tube, valve, or otherwise with
26 the fuel injector or carburetor of, or with the fuel supply tank
27 feeding the fuel injector or carburetor of, the motor vehicle

1 transporting the product;

2 (4) [~~(9)~~] sells or delivers gasoline or diesel fuel
3 from any fuel supply tank connected with the fuel injector or
4 carburetor of a motor vehicle;

5 (5) [~~(10)~~] owns or operates a motor vehicle for which
6 reports or mileage records are required by this chapter without an
7 operating odometer or other device in good working condition to
8 record accurately the miles traveled;

9 (6) [~~(11)~~] furnishes to a licensed supplier or
10 distributor a signed statement for purchasing diesel fuel tax-free
11 and then uses the tax-free diesel fuel to operate a diesel-powered
12 motor vehicle on a public highway;

13 (7) [~~(12)~~] fails or refuses to comply with or violates
14 a provision of this chapter;

15 (8) [~~(13)~~] fails or refuses to comply with or violates
16 a comptroller's rule for administering or enforcing this chapter;

17 (9) [~~(14)~~] is an importer who does not obtain an
18 import verification number when required by this chapter;

19 (10) [~~(15)~~] purchases motor fuel for export, on which
20 the tax imposed by this chapter has not been paid, and subsequently
21 diverts or causes the motor fuel to be diverted to a destination in
22 this state or any other state or country other than the originally
23 designated state or country without first obtaining a diversion
24 number;

25 (11) [~~(16)~~] delivers compressed natural gas or
26 liquefied natural gas into the fuel supply tank of a motor vehicle
27 and the person does not hold a valid compressed natural gas and

1 liquefied natural gas dealer's license; or

2 (12) [~~(17)~~] makes a tax-free delivery of compressed
3 natural gas or liquefied natural gas into the fuel supply tank of a
4 motor vehicle, unless the delivery is exempt from tax under Section
5 162.356.

6 SECTION 31. Section 162.403, Tax Code, is amended to read as
7 follows:

8 Sec. 162.403. CRIMINAL OFFENSES. Except as provided by
9 Section 162.404, a person commits an offense if the person:

10 (1) refuses to stop and permit the inspection and
11 examination of a motor vehicle transporting or using motor fuel on
12 the demand of a peace officer or the comptroller;

13 (2) is required to hold a valid trip permit or
14 interstate trucker's license, but operates a motor vehicle in this
15 state without a valid trip permit or interstate trucker's license;

16 (3) ~~[operates a liquefied gas-propelled motor vehicle~~
17 ~~that is required to be licensed in this state, including a motor~~
18 ~~vehicle equipped with dual carburetion, and does not display a~~
19 ~~current liquefied gas tax decal or multistate fuels tax agreement~~
20 ~~decal,~~

21 [~~(4)~~] transports gasoline or diesel fuel in any cargo
22 tank that has a connection by pipe, tube, valve, or otherwise with
23 the fuel injector or carburetor or with the fuel supply tank feeding
24 the fuel injector or carburetor of the motor vehicle transporting
25 the product;

26 (4) [~~(5)~~] sells or delivers gasoline or diesel fuel
27 from a fuel supply tank that is connected with the fuel injector or

1 carburetor of a motor vehicle;

2 (5) [~~(6)~~] owns or operates a motor vehicle for which
3 reports or mileage records are required by this chapter without an
4 operating odometer or other device in good working condition to
5 record accurately the miles traveled;

6 (6) [~~(7)~~] sells or delivers dyed diesel fuel for the
7 operation of a motor vehicle on a public highway;

8 (7) [~~(8)~~] uses dyed diesel fuel for the operation of a
9 motor vehicle on a public highway except as allowed under Section
10 162.235;

11 (8) [~~(9)~~] ~~makes a tax-free sale or delivery of~~
12 ~~liquefied gas into the fuel supply tank of a motor vehicle that does~~
13 ~~not display a current Texas liquefied gas tax decal,~~

14 ~~[(10)] makes a sale or delivery of liquefied gas on~~
15 ~~which the person knows the tax is required to be collected, if at~~
16 ~~the time the sale is made the person does not hold a valid dealer's~~
17 ~~license,~~

18 ~~[(11)] makes a tax-free sale or delivery of liquefied~~
19 ~~gas into the fuel supply tank of a motor vehicle bearing~~
20 ~~out-of-state license plates,~~

21 ~~[(12)] makes a delivery of liquefied gas into the fuel~~
22 ~~supply tank of a motor vehicle bearing Texas license plates and no~~
23 ~~Texas liquefied gas tax decal, unless licensed under a multistate~~
24 ~~fuels tax agreement,~~

25 ~~[(13)]~~ refuses to permit the comptroller or the
26 attorney general to inspect, examine, or audit a book or record
27 required to be kept by a license holder, other user, or any person

1 required to hold a license under this chapter;

2 (9) [~~(14)~~] refuses to permit the comptroller or the
3 attorney general to inspect or examine any plant, equipment,
4 materials, or premises where motor fuel is produced, processed,
5 blended, stored, sold, delivered, or used;

6 (10) [~~(15)~~] refuses to permit the comptroller, the
7 attorney general, an employee of either of those officials, a peace
8 officer, an employee of the Texas Commission on Environmental
9 Quality, or an employee of the Department of Agriculture to measure
10 or gauge the contents of or take samples from a storage tank or
11 container on premises where motor fuel is produced, processed,
12 blended, stored, sold, delivered, or used;

13 (11) [~~(16)~~] is a license holder, a person required to
14 be licensed, or another user and fails or refuses to make or deliver
15 to the comptroller a report required by this chapter to be made and
16 delivered to the comptroller;

17 (12) [~~(17)~~] is an importer who does not obtain an
18 import verification number when required by this chapter;

19 (13) [~~(18)~~] purchases motor fuel for export, on which
20 the tax imposed by this chapter has not been paid, and subsequently
21 diverts or causes the motor fuel to be diverted to a destination in
22 this state or any other state or country other than the originally
23 designated state or country without first obtaining a diversion
24 number;

25 (14) [~~(19)~~] conceals motor fuel with the intent of
26 engaging in any conduct proscribed by this chapter or refuses to
27 make sales of motor fuel on the volume-corrected basis prescribed

1 by this chapter;

2 (15) [~~(20)~~] refuses, while transporting motor fuel,
3 to stop the motor vehicle the person is operating when called on to
4 do so by a person authorized to stop the motor vehicle;

5 (16) [~~(21)~~] refuses to surrender a motor vehicle and
6 cargo for impoundment after being ordered to do so by a person
7 authorized to impound the motor vehicle and cargo;

8 (17) [~~(22)~~] mutilates, destroys, or secretes a book or
9 record required by this chapter to be kept by a license holder,
10 other user, or person required to hold a license under this chapter;

11 (18) [~~(23)~~] is a license holder, other user, or other
12 person required to hold a license under this chapter, or the agent
13 or employee of one of those persons, and makes a false entry or
14 fails to make an entry in the books and records required under this
15 chapter to be made by the person or fails to retain a document as
16 required by this chapter;

17 (19) [~~(24)~~] transports in any manner motor fuel under
18 a false cargo manifest or shipping document, or transports in any
19 manner motor fuel to a location without delivering at the same time
20 a shipping document relating to that shipment;

21 (20) [~~(25)~~] engages in a motor fuel transaction that
22 requires that the person have a license under this chapter without
23 then and there holding the required license;

24 (21) [~~(26)~~] makes and delivers to the comptroller a
25 report required under this chapter to be made and delivered to the
26 comptroller, if the report contains false information;

27 (22) [~~(27)~~] forges, falsifies, or alters an invoice or

1 shipping document prescribed by law;

2 (23) [~~(28)~~] makes any statement, knowing said
3 statement to be false, in a claim for a tax refund filed with the
4 comptroller;

5 (24) [~~(29)~~] furnishes to a licensed supplier or
6 distributor a signed statement for purchasing diesel fuel tax-free
7 and then uses the tax-free diesel fuel to operate a diesel-powered
8 motor vehicle on a public highway;

9 (25) [~~(30)~~] holds an aviation fuel dealer's license
10 and makes a taxable sale or use of any gasoline or diesel fuel;

11 (26) [~~(31)~~] fails to remit any tax funds collected or
12 required to be collected by a license holder, another user, or any
13 other person required to hold a license under this chapter;

14 (27) [~~(32)~~] makes a sale of dyed diesel fuel tax-free
15 into a storage facility of a person who:

16 (A) is not licensed as a distributor, as an
17 aviation fuel dealer, or as a dyed diesel fuel bonded user; or

18 (B) does not furnish to the licensed supplier or
19 distributor a signed statement prescribed in Section 162.206;

20 (28) [~~(33)~~] makes a sale of gasoline tax-free to any
21 person who is not licensed as an aviation fuel dealer;

22 (29) [~~(34)~~] purchases any motor fuel tax-free when not
23 authorized to make a tax-free purchase under this chapter;

24 (30) [~~(35)~~] purchases motor fuel with the intent to
25 evade any tax imposed by this chapter or accepts a delivery of motor
26 fuel by any means and does not at the same time accept or receive a
27 shipping document relating to the delivery;

1 (31) [~~(36)~~] transports motor fuel for which a cargo
2 manifest or shipping document is required to be carried without
3 possessing or exhibiting on demand by an officer authorized to make
4 the demand a cargo manifest or shipping document containing the
5 information required to be shown on the manifest or shipping
6 document;

7 (32) [~~(37)~~] imports, sells, uses, blends,
8 distributes, or stores motor fuel within this state on which the
9 taxes imposed by this chapter are owed but have not been first paid
10 to or reported by a license holder, another user, or any other
11 person required to hold a license under this chapter;

12 (33) [~~(38)~~] blends products together to produce a
13 blended fuel that is offered for sale, sold, or used and that
14 expands the volume of the original product to evade paying
15 applicable motor fuel taxes;

16 (34) [~~(39)~~] evades or attempts to evade in any manner
17 a tax imposed on motor fuel by this chapter;

18 (35) [~~(40)~~] delivers compressed natural gas or
19 liquefied natural gas into the fuel supply tank of a motor vehicle
20 and the person does not hold a valid compressed natural gas and
21 liquefied natural gas dealer's license; or

22 (36) [~~(41)~~] makes a tax-free delivery of compressed
23 natural gas or liquefied natural gas into the fuel supply tank of a
24 motor vehicle, unless the delivery is exempt from tax under Section
25 162.356.

26 SECTION 32. Section 162.404, Tax Code, is amended to read as
27 follows:

1 Sec. 162.404. CRIMINAL OFFENSES: SPECIAL PROVISIONS AND
2 EXCEPTIONS. (a) A person does not commit an offense under Section
3 162.403 unless the person intentionally or knowingly engaged in
4 conduct as the definition of the offense requires, except that no
5 culpable mental state is required for an offense under Section
6 162.403(5) [~~162.403(6)~~].

7 (b) Each day that a refusal prohibited under Section
8 162.403(8), (9), or (10) [~~162.403(13), (14), or (15)~~] continues is
9 a separate offense.

10 (c) The prohibition under Section 162.403(27) [~~162.403(32)~~]
11 does not apply to the tax-free sale or distribution of diesel fuel
12 authorized by Section 162.204(a)(1) [~~162.204(1)~~], (2), or (3).

13 (d) The prohibition under Section 162.403(28) [~~162.403(33)~~]
14 does not apply to the tax-free sale or distribution of gasoline
15 under Section 162.104(a)(1) [~~162.104(1)~~], (2), or (3).

16 SECTION 33. Section 162.405, Tax Code, is amended to read as
17 follows:

18 Sec. 162.405. CRIMINAL PENALTIES. (a) An offense under
19 Section 162.403(1), (2), (3), (4), (5), [~~(6)~~] or (7) [~~(8)~~] is a
20 Class C misdemeanor.

21 (b) An offense under Section 162.403(8), (9) [~~162.403(9)~~],
22 (10), (11), (12), (13), (35), or (36) [~~(14), (15), (16), (17), (18),~~
23 ~~(40), or (41)~~] is a Class B misdemeanor.

24 (c) An offense under Section 162.403(14), (15), or (16)
25 [~~162.403(19), (20), or (21)~~] is a Class A misdemeanor.

26 (d) An offense under Section 162.403(6), (17), (18), (19),
27 (20), (21) [~~162.403(7)~~], (22), (23), or (24) [~~(25), (26), (27)~~],

1 ~~(28), or (29)]~~ is a felony of the third degree.

2 (e) An offense under Section 162.403(25), (26), (27), (28),
3 (29), (30) [~~162.403(30)~~], (31), (32), (33), or (34)[~~, (35), (36),~~
4 ~~(37), (38), or (39)~~] is a felony of the second degree.

5 (f) Violations of three or more separate offenses under the
6 following sections committed pursuant to one scheme or continuous
7 course of conduct may be considered as one offense and punished as a
8 felony of the second degree:

9 (1) Section 162.403(6) [~~162.403(7)~~];

10 (2) Sections 162.403(8) [~~162.403(13)~~] through (11)
11 [~~(16)~~]; or

12 (3) Sections 162.403(17) [~~162.403(22)~~] through (24)
13 [~~(29)~~].

14 SECTION 34. Section 548.051(a), Transportation Code, is
15 amended to read as follows:

16 (a) A motor vehicle, trailer, semitrailer, pole trailer, or
17 mobile home, registered in this state, must have the following
18 items inspected at an inspection station or by an inspector:

19 (1) tires;

20 (2) wheel assembly;

21 (3) safety guards or flaps, if required by Section
22 547.606;

23 (4) brake system, including power brake unit;

24 (5) steering system, including power steering;

25 (6) lighting equipment;

26 (7) horns and warning devices;

27 (8) mirrors;

(9) windshield wipers;

(10) sunscreening devices, unless the vehicle is exempt from sunscreen device restrictions under Section 547.613;

(11) front seat belts in vehicles on which seat belt anchorages were part of the manufacturer's original equipment;

(12) ~~[tax decal, if required by Section 548.104(d)(1),~~

~~[(13)]~~ exhaust system;

(13) ~~[(14)]~~ exhaust emission system;

(14) ~~[(15)]~~ fuel tank cap, using pressurized testing equipment approved by department rule; and

(15) ~~[(16)]~~ emissions control equipment as designated by department rule.

SECTION 35. Section 548.104(d), Transportation Code, is amended to read as follows:

(d) An inspection station or inspector may not issue a passing vehicle inspection report for a vehicle equipped with:

(1) ~~[a carburetion device permitting the use of liquefied gas alone or interchangeably with another fuel, unless a valid liquefied gas tax decal issued by the comptroller is attached to the lower right-hand corner of the front windshield of the vehicle on the passenger side,~~

~~[(2)]~~ a suncreening device prohibited by Section 547.613, except that the department by rule shall provide procedures for issuance of a passing vehicle inspection report for a vehicle exempt under Section 547.613(c); or

(2) ~~[(3)]~~ a compressed natural gas container unless the owner demonstrates in accordance with department rules proof:

1 (A) that:

2 (i) the container has met the inspection
3 requirements under 49 C.F.R. Section 571.304; and

4 (ii) the manufacturer's recommended service
5 life for the container, as stated on the container label required by
6 49 C.F.R. Section 571.304, has not expired; or

7 (B) that the vehicle is a fleet vehicle for which
8 the fleet operator employs a technician certified to inspect the
9 container.

10 SECTION 36. The following are repealed:

11 (1) Section 411.109(c), Government Code;

12 (2) Section 2001.501, Occupations Code;

13 (3) Section 111.021(j), Tax Code;

14 (4) Chapter 159, Tax Code;

15 (5) Section 162.001(40), Tax Code;

16 (6) Subchapter D, Chapter 162, Tax Code; and

17 (7) Section 162.505, Tax Code.

18 SECTION 37. (a) The change in law made by this Act to
19 Section 162.402(a), Tax Code, applies only to a violation that
20 occurs on or after the effective date of this Act. A violation that
21 occurred before the effective date of this Act is governed by the
22 law in effect on the date the violation occurred, and the former law
23 is continued in effect for that purpose.

24 (b) The changes in law made by this Act to Sections 162.403,
25 162.404, and 162.405, Tax Code, apply only to an offense committed
26 on or after the effective date of this Act. An offense committed
27 before the effective date of this Act is governed by the law in

1 effect on the date the offense was committed, and the former law is
2 continued in effect for that purpose. For purposes of this section,
3 an offense was committed before the effective date of this Act if
4 any element of the offense occurred before that date.

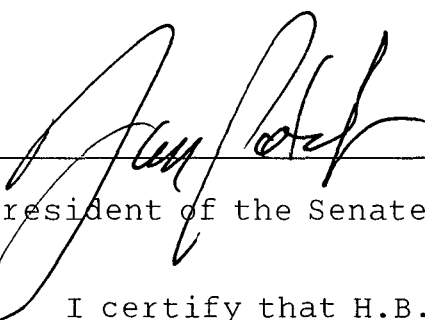
5 (c) The comptroller of public accounts shall issue to a
6 person who holds a liquefied gas tax decal license under Section
7 162.305, Tax Code, that is valid on or after the effective date of
8 this Act a pro rata refund of the unused portion of the advanced
9 taxes paid for the period after the effective date of this Act.

10 SECTION 38. The changes in law made by this Act do not
11 affect tax liability accruing before the effective date of this
12 Act. That liability continues in effect as if this Act had not been
13 enacted, and the former law is continued in effect for the
14 collection of taxes due and for civil and criminal enforcement of
15 the liability for those taxes.

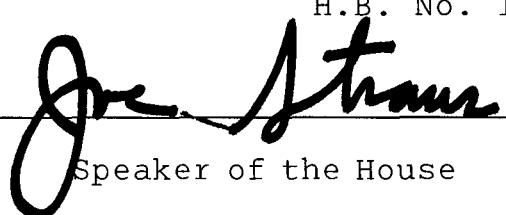
16 SECTION 39. (a) Except as otherwise provided by this Act,
17 this Act takes effect September 1, 2015.

18 (b) Section 19 of this Act takes effect January 1, 2016, but
19 only if a constitutional amendment authorizing the legislature to
20 exempt from ad valorem taxation real property leased to certain
21 schools organized and operated primarily for the purpose of
22 engaging in educational functions is approved by the voters. If
23 that amendment is not approved by the voters, Section 19 of this Act
24 has no effect.

25 (c) Section 20 of this Act takes effect January 1, 2016.



President of the Senate

H.B. No. 1905


Speaker of the House

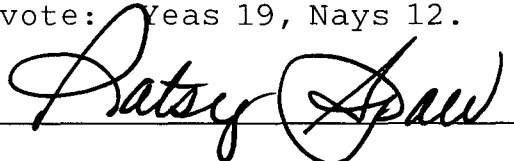
I certify that H.B. No. 1905 was passed by the House on May 7, 2015, by the following vote: Yeas 133, Nays 10, 2 present, not voting; that the House refused to concur in Senate amendments to H.B. No. 1905 on May 28, 2015, and requested the appointment of a conference committee to consider the differences between the two houses; and that the House adopted the conference committee report on H.B. No. 1905 on May 31, 2015, by the following vote: Yeas 132, Nays 9, 2 present, not voting.



Chief Clerk of the House

H.B. No. 1905

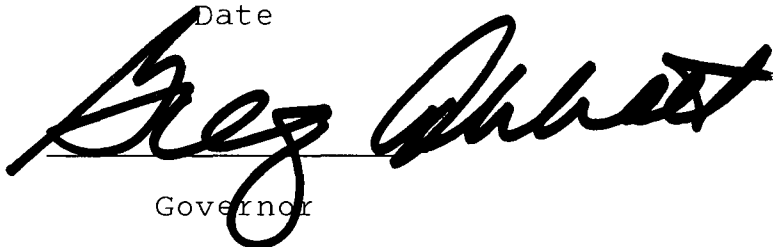
I certify that H.B. No. 1905 was passed by the Senate, with amendments, on May 26, 2015, by the following vote: Yeas 31, Nays 0; at the request of the House, the Senate appointed a conference committee to consider the differences between the two houses; and that the Senate adopted the conference committee report on H.B. No. 1905 on May 31, 2015, by the following vote: Yeas 19, Nays 12.



Secretary of the Senate

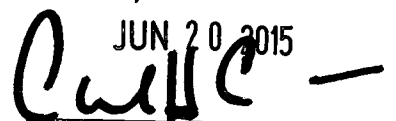
APPROVED: 6-17-2015

Date



Governor

FILED IN THE OFFICE OF THE
SECRETARY OF STATE
2:00 pm O'CLOCK

JUN 20 2015

Secretary of State

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 30, 2015

TO: Honorable Dan Patrick, Lieutenant Governor, Senate
Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB1905 by Springer (Relating to certain state and local taxes, including ad valorem taxes, and to the repeal of certain of those taxes.), **Conference Committee Report**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1905, Conference Committee Report: a negative impact of (\$4,447,000) through the biennium ending August 31, 2017.

Additionally, passage of the bill would extend the property tax exemption for nonprofit community business organizations providing economic development to certain real and personal property owned by Type A and Type B corporations and would create a cost to the state through the operation of the school funding formulas to the extent that the property is not already exempt as public property or under another exemption in Chapter 11 of the Tax Code.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2016	(\$1,669,000)
2017	(\$2,778,000)
2018	(\$7,117,000)
2019	(\$7,662,000)
2020	(\$8,264,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from <i>General Revenue Fund</i> 1	Probable Revenue (Loss) from <i>Available School Fund</i> 2	Probable Revenue (Loss) from <i>State Highway Fund</i> 6	Probable Revenue (Loss) from <i>Foundation School Fund</i> 193
2016	(\$1,392,000)	(\$277,000)	(\$831,000)	\$0
2017	(\$1,411,000)	(\$289,000)	(\$868,000)	(\$1,078,000)
2018	(\$1,399,000)	(\$295,000)	(\$885,000)	(\$5,423,000)
2019	(\$1,387,000)	(\$301,000)	(\$902,000)	(\$5,974,000)
2020	(\$1,376,000)	(\$307,000)	(\$922,000)	(\$6,581,000)

Fiscal Year	Probable Revenue (Loss) from <i>School Districts</i>	Probable Revenue (Loss) from <i>Cities</i>	Probable Revenue (Loss) from <i>Counties</i>	Probable Revenue (Loss) from <i>Other Special Districts</i>
2016	\$0	\$0	\$0	\$0
2017	(\$5,484,000)	(\$1,969,000)	(\$1,995,000)	(\$1,387,000)
2018	(\$1,831,000)	(\$2,177,000)	(\$2,211,000)	(\$1,535,000)
2019	(\$2,044,000)	(\$2,408,000)	(\$2,449,000)	(\$1,699,000)
2020	(\$2,282,000)	(\$2,663,000)	(\$2,714,000)	(\$1,881,000)

Fiscal Analysis

The bill would repeal certain alcoholic beverage taxes and the tax on controlled substances.

The bill would repeal Section 2001.501 of the Occupations Code, regarding the bingo gross rental tax, and would make conforming changes elsewhere in this chapter. All other bingo-related fees imposed by this chapter would be unchanged.

The bill would amend Chapter 162 of the Tax Code, regarding motor fuel taxes, to exempt certain nonprofit emergency medical service (EMS) entities from the taxes imposed under Subchapters B (gasoline), C (diesel fuel), D (liquefied gas), and D-1 (compressed natural gas and liquefied natural gas).

The bill would provide a tax exemption for each of the four motor fuels listed above when sold to a nonprofit entity that is organized for the sole purpose of and engages exclusively in providing emergency medical services and uses the motor fuel exclusively to provide emergency medical services, including rescue and ambulance services. The bill would allow an eligible nonprofit EMS entity that paid a tax on these motor fuels, except liquefied gas, to file a claim with the Comptroller for a refund of the tax.

The bill would amend Chapters 34 (airline beverage permit) and 48 (passenger train beverage permit) of the Alcoholic Beverage Code to abolish the beverage service fee of five cents per serving of an alcoholic beverage served in Texas by the holder of an airline beverage permit or a passenger train beverage permit.

The bill would repeal Chapter 159 of the Tax Code, thereby abolishing the controlled substances tax, and would make conforming changes to Section 111.021 of the Tax Code and Section 411.109 of the Government Code.

The bill would repeal sections in Chapter 162 (motor fuel tax) of the Tax Code to abolish the liquefied gas tax, and would make conforming changes elsewhere in this code.

The bill would exempt certain motor vehicles used to provide transit services, including vehicles of a metropolitan rapid transit authority operating under Chapter 451 of the Transportation Code, or a regional transportation authority operating under Chapter 452 of the Transportation Code, from the compressed natural gas and liquefied natural gas (CNG/LNG) tax imposed under Subchapter D-1 of Chapter 162 of the Tax Code.

The bill would make conforming changes to the Transportation Code.

The bill would amend Chapter 11 of the Tax Code, regarding property taxation and exemptions, to grant a property tax exemption on the real property a person owns and leases to a qualified open-enrollment charter school if:

- 1) the real property is used exclusively by the school for educational functions;
- 2) the real property is reasonably necessary for the operation of the school;
- 3) the owner certifies by affidavit to the school that the rent for the lease of the real property will be reduced by an amount equal to the tax savings;
- 4) the owner provides the school with a disclosure document stating the amount by which the taxes on the real property are reduced as a result of the exemption and the method the owner will implement to ensure that the property rent fully reflects the reduction; and
- 5) the rent charged for the lease of the real property reflects the reduction in the amount of taxes on the property resulting from the exemption through a monthly or annual credit against the rent.

The charter school would be required to qualify as a school under current law (Section 11.21(d), Tax Code).

The bill would amend Chapter 156 of the Tax Code, regarding the state hotel occupancy tax, to define "short term rentals" as the rental of all or part of a residential property to a person who is not a permanent resident under Section 156.101.

The bill would amend Section 151.314, Tax Code, in relation to sales and use taxation of certain food items. The definition of "snack items" would be amended to exclude pine nuts and include pork rinds, corn nuts, sunflower and pumpkin seeds, ice cream, sherbet, frozen yogurt, ice pops, juice pops, and certain other frozen fruit items. Snack items when sold in individual-sized portions are subject to tax.

The bill would also provide that when a grocery store or convenience store contains a type of location like a restaurant, lunch counter, cafeteria, or deli, the store is considered a like place of business in relation to items sold at that location.

The bill would amend Chapter 11 of the Tax Code, regarding taxable property and exemptions, to provide that "nonprofit community business organization" also means a Type A and a Type B corporation as specified in Chapter 504 or 505, Local Government Code, related to certain economic development projects. This designation would extend the property tax exemption for nonprofit community business organizations providing economic development to certain real and personal property owned by Type A and Type B corporations.

The provisions of the bill regarding the property tax exemption for real property leased to a qualified open enrollment charter school would take effect January 1, 2016, but only if a constitutional amendment authorizing the exemption is approved by Texas voters.

The provisions of the bill regarding the property tax exemption for nonprofit community business organizations would take effect January 1, 2016.

All other provisions of the bill would take effect September 1, 2015.

Methodology

The estimated fiscal impact provided by the Comptroller of Public Accounts (CPA), is based on the *2016-2017 Biennial Revenue Estimate*. Upon the bill's effective date, airlines and passenger trains serving alcoholic beverages would continue to be required to hold a permit issued by the Texas Alcoholic Beverage Commission. They no longer would remit the tax on the beverage service. The loss from repealing the liquefied gas tax and exempting certain motor vehicles from the CNG/LNG tax is based on Texas Department of Transportation, Public Transportation Division records; and a summer 2014 survey by the Natural Gas Section of the Railroad Commission, regarding the number of CNG/LNG transit vehicles that would be exempted under the provisions of the bill.

The repeal of the controlled substances tax would have no effect on revenue collections.

Gasoline and diesel fuel are taxed at the rate of \$0.20 per gallon, and compressed natural gas and liquefied natural gas are taxed at the rate of \$0.15 per gallon. Liquefied gas motor fuel use requires the purchase of an annual liquefied gas decal. The estimate from the EMS motor fuel tax exemption is based on data from the American Ambulance Association, the Texas Ambulance Association, and the Texas Department of State Health Services. The applicable motor fuel tax rate was applied to the estimated number of gallons to be exempted each year to arrive at an annual revenue loss. The annual revenue loss was trended forward over the five-year projection period. The first year's revenue loss was adjusted to allow for the statutory lag in motor fuel tax remittances.

The bill's proposed exemption of real property leased to charter schools and reimbursement of the resulting tax savings to the charter schools through a rent credit would create a fiscal cost. The non-charter (regular) school district and other taxing units would lose taxable value and the associated property tax revenue to the new exemption resulting in a cost to the regular school district, other taxing units, and to the state through the operation of the school funding formulas.

The value of real property leased by charter schools was estimated based on information from the Texas Charter Schools Association, the Texas Education Agency, and appraisal districts. Projected tax rates were applied through the five-year projection period to estimate the school district loss that would be transferred to the state. Under the hold harmless provisions of the Education Code, only a small portion of each year's additional school district loss related to the compressed rate would be transferred to the state while in subsequent years 100 percent of the loss would be transferred to the state. Because lagged year property values are used in the enrichment formula, school districts lose enrichment funding (a state gain) in the first year of a taxable property value reduction. In the second and successive years the enrichment loss and a portion of the school district debt (facilities) loss are transferred to the state through the relevant funding formulas.

The CPA notes that repealing the controlled substances tax, when combined with the repeal of taxes on liquefied gas, oil regulation, sulphur, inheritances and fireworks, will allow the Comptroller to redeploy resources to audit and enforcement activities for other sources of revenue. According to CPA, redeploying these resources will generate revenue sufficient to offset revenue lost from repealing controlled substances and airline and passenger train beverage taxes.

The change to the state hotel occupancy tax provisions would be a clarification of existing law and therefore would have no impact on state revenues.

The bill's provision of a property tax exemption to certain real and personal property owned by Type A and Type B corporations would create a cost to local governments and to the state through the operation of the school funding formulas to the extent that the property is not already exempt as public property or under another exemption in Chapter 11 of the Tax Code. There are over 700 Type A and Type B corporations in Texas. All of the property of Type B corporations, and much of the property of Type A corporations, however, is already exempt under current law (or under an interpretation of the law). The amount of property that would be exempted under the bill is unknown; consequently, the cost of the bill cannot be estimated.

The section of the bill regarding the taxability of snack items would codify current administrative practice and consequently would have no fiscal implications.

Local Government Impact

The estimated fiscal implication to units of local government is reflected in the table above.

The bill would amend Chapter 351 of the Tax Code, regarding municipal hotel occupancy taxes, to allow a municipality to spend no more than one percent of hotel occupancy tax revenue for the creation, maintenance, operation, and administration of an electronic tax administration system. A municipality could contract with a third party to assist with an electronic tax administration system.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD, AG

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 27, 2015

TO: Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB1905 by Springer (Relating to the repeal of certain alcoholic beverage taxes and the tax on controlled substances.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1905, As Passed 2nd House: a negative impact of (\$896,000) through the biennium ending August 31, 2017.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2016	(\$437,000)
2017	(\$459,000)
2018	(\$452,000)
2019	(\$444,000)
2020	(\$438,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from General Revenue Fund 1	Probable Revenue (Loss) from Available School Fund 2	Probable Revenue (Loss) from State Highway Fund 6
2016	(\$244,000)	(\$193,000)	(\$578,000)
2017	(\$263,000)	(\$196,000)	(\$589,000)
2018	(\$251,000)	(\$201,000)	(\$602,000)
2019	(\$239,000)	(\$205,000)	(\$615,000)
2020	(\$228,000)	(\$210,000)	(\$630,000)

Fiscal Analysis

The bill would repeal certain alcoholic beverage taxes and the tax on controlled substances.

The bill would amend Chapters 34 (airline beverage permit) and 48 (passenger train beverage permit) of the Alcoholic Beverage Code to abolish the beverage service fee of five cents per serving of an alcoholic beverage served in Texas by the holder of an airline beverage permit or a passenger train beverage permit.

The bill would repeal Chapter 159 of the Tax Code, thereby abolishing the controlled substances tax, and would make conforming changes to Section 111.021 of the Tax Code and Section 411.109 of the Government Code.

The bill would repeal sections in Chapter 162 (motor fuel tax) of the Tax Code to abolish the liquefied gas tax, and would make conforming changes elsewhere in this code.

The bill would exempt certain motor vehicles used to provide transit services, including vehicles of a metropolitan rapid transit authority operating under Chapter 451 of the Transportation Code, or a regional transportation authority operating under Chapter 452 of the Transportation Code, from the compressed natural gas and liquefied natural gas (CNG/LNG) tax imposed under Subchapter D-1 of Chapter 162 of the Tax Code.

The bill would make conforming changes to the Transportation Code.

The bill would take effect September 1, 2015.

Methodology

The estimated fiscal impact provided by the Comptroller of Public Accounts (CPA), is based on the *2016-2017 Biennial Revenue Estimate*. Upon the bill's effective date, airlines and passenger trains serving alcoholic beverages would continue to be required to hold a permit issued by the Texas Alcoholic Beverage Commission. They no longer would remit the tax on the beverage service. The loss from repealing the liquefied gas tax and exempting certain motor vehicles from the CNG/LNG tax is based on Texas Department of Transportation, Public Transportation Division records; and a summer 2014 survey by the Natural Gas Section of the Railroad Commission, regarding the number of CNG/LNG transit vehicles that would be exempted under the provisions of the bill.

The repeal of the controlled substances tax would have no effect on revenue collections.

The CPA notes that repealing the controlled substances tax, when combined with the repeal of taxes on liquefied gas, oil regulation, sulphur, inheritances and fireworks, will allow the Comptroller to redeploy resources to audit and enforcement activities for other sources of revenue. According to CPA, redeploying these resources will generate revenue sufficient to offset revenue lost from repealing controlled substances and airline and passenger train beverage taxes.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD, AG

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 13, 2015

TO: Honorable Jane Nelson, Chair, Senate Committee on Finance

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB1905** by Springer (Relating to the repeal of certain alcoholic beverage taxes and the tax on controlled substances.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1905, As Engrossed: a negative impact of (\$507,000) through the biennium ending August 31, 2017.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2016	(\$244,000)
2017	(\$263,000)
2018	(\$251,000)
2019	(\$239,000)
2020	(\$228,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from General Revenue Fund 1
2016	(\$244,000)
2017	(\$263,000)
2018	(\$251,000)
2019	(\$239,000)
2020	(\$228,000)

Fiscal Analysis

The bill would repeal certain alcoholic beverage taxes and the tax on controlled substances.

The bill would amend Chapters 34 (airline beverage permit) and 48 (passenger train beverage permit) of the Alcoholic Beverage Code to abolish the beverage service fee of five cents per serving of an alcoholic beverage served in Texas by the holder of an airline beverage permit or a passenger train beverage permit.

The bill would repeal Chapter 159 of the Tax Code, thereby abolishing the controlled substances tax, and would make conforming changes to Section 111.021 of the Tax Code and Section 411.109 of the Government Code.

The bill would take effect September 1, 2015.

Methodology

The estimated fiscal impact provided by the Comptroller of Public Accounts (CPA), is based on the *2016-2017 Biennial Revenue Estimate*. Upon the bill's effective date, airlines and passenger trains serving alcoholic beverages would continue to be required to hold a permit issued by the Texas Alcoholic Beverage Commission. They no longer would remit the tax on the beverage service.

The repeal of the controlled substances tax would have no effect on revenue collections.

The CPA notes that repealing the controlled substances tax, when combined with the repeal of taxes on liquefied gas, oil regulation, sulphur, inheritances and fireworks, will allow the Comptroller to redeploy resources to audit and enforcement activities for other sources of revenue. According to CPA, redeploying these resources will generate revenue sufficient to offset revenue lost from repealing controlled substances and airline and passenger train beverage taxes.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD, AG

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

March 29, 2015

TO: Honorable Dennis Bonnen, Chair, House Committee on Ways & Means

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB1905 by Springer (Relating to the repeal of certain alcoholic beverage taxes and the tax on controlled substances.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1905, As Introduced: a negative impact of (\$507,000) through the biennium ending August 31, 2017.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2016	(\$244,000)
2017	(\$263,000)
2018	(\$251,000)
2019	(\$239,000)
2020	(\$228,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from General Revenue Fund 1
2016	(\$244,000)
2017	(\$263,000)
2018	(\$251,000)
2019	(\$239,000)
2020	(\$228,000)

Fiscal Analysis

The bill would repeal certain alcoholic beverage taxes and the tax on controlled substances.

The bill would amend Chapters 34 (airline beverage permit) and 48 (passenger train beverage permit) of the Alcoholic Beverage Code to abolish the beverage service fee of five cents per serving of an alcoholic beverage served in Texas by the holder of an airline beverage permit or a passenger train beverage permit.

The bill would repeal Chapter 159 of the Tax Code, thereby abolishing the controlled substances tax, and would make conforming changes to Section 111.021 of the Tax Code and Section 411.109 of the Government Code.

The bill would take effect September 1, 2015.

Methodology

The estimated fiscal impact provided by the Comptroller of Public Accounts (CPA), is based on the *2016-2017 Biennial Revenue Estimate*. Upon the bill's effective date, airlines and passenger trains serving alcoholic beverages would continue to be required to hold a permit issued by the Texas Alcoholic Beverage Commission. They no longer would remit the tax on the beverage service.

The repeal of the controlled substances tax would have no effect on revenue collections.

The CPA notes that repealing the controlled substances tax, when combined with the repeal of taxes on liquefied gas, oil regulation, sulphur, inheritances and fireworks, will allow the Comptroller to redeploy resources to audit and enforcement activities for other sources of revenue. According to CPA, redeploying these resources will generate revenue sufficient to offset revenue lost from repealing controlled substances and airline and passenger train beverage taxes.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD, AG

LEGISLATIVE BUDGET BOARD
Austin, Texas

TAX/FEE EQUITY NOTE

84TH LEGISLATIVE REGULAR SESSION

May 30, 2015

TO: Honorable Dan Patrick, Lieutenant Governor, Senate
Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB1905 by Springer (Relating to certain state and local taxes, including ad valorem taxes, and to the repeal of certain of those taxes.), **Conference Committee Report**

No statistically significant impact on the overall distribution of a state tax or fee burden among individuals and businesses is anticipated from the provisions of this bill.

Source Agencies:

LBB Staff: UP, KK

LEGISLATIVE BUDGET BOARD
Austin, Texas

TAX/FEE EQUITY NOTE

84TH LEGISLATIVE REGULAR SESSION

March 29, 2015

TO: Honorable Dennis Bonnen, Chair, House Committee on Ways & Means

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB1905 by Springer (Relating to the repeal of certain alcoholic beverage taxes and the tax on controlled substances.), **As Introduced**

No statistically significant impact on the overall distribution of a state tax or fee burden among individuals and businesses is anticipated from the provisions of this bill.

Source Agencies:

LBB Staff: UP, KK