

## Resolution of Support for County Motor Fuel Tax Exemption

**WHEREAS**, Texas Counties are the action arm of the state government and are responsible for the operation and management of many various state governmental programs as required or authorized by state law; and

**WHEREAS**, Texas Counties provide essential state services to constituents at the local level which are fully or partially supported with funds disbursed by the State of Texas pursuant to the state appropriations process; and

**WHEREAS**, Texas Counties provide emergency management services to the citizens of the State of Texas, and serve as first responders during disasters to clear roads and provide lifesaving rescue and recovery support to local, regional, state, and federal agencies; and

**WHEREAS**, the rising cost fuel costs have a significant impact on county budgets; and

**WHEREAS**, the State of Texas has authorized a motor fuel tax exemption for Volunteer Fire Departments which partner with Texas Counties to provide lifesaving fire response and mitigation to citizens of Texas; and


**WHEREAS**, the State of Texas has authorized a motor fuel tax exemption to Texas Public Schools for motor fuel taxes which helps reduce expenses to local school districts and alleviate the impact of local school property taxes to the citizens of Texas; and

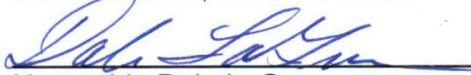
**WHEREAS**, exempting Texas motor fuel taxes for Texas Counties will reduce tax churn in the state and further alleviate the impact of local county property taxes to the citizens of Texas.

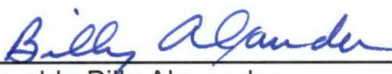
**NOW, THEREFORE, BE IT RESOLVED**, that the Panola County Commissioners Court does hereby resolve that for the foregoing reasons, it is in the best interest of Texas Counties and their taxpayers to support and favor passage of legislation that exempts counties from certain motor fuel taxes.

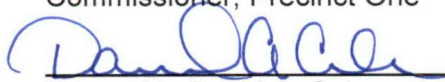
**PASSED, APPROVED AND ADOPTED** this 26<sup>th</sup> day of March, 2024 in Open Court.

  
\_\_\_\_\_  
Rodger G. McLane  
County Judge

  
\_\_\_\_\_  
Honorable Craig M. Lawless  
Commissioner, Precinct Three

  
\_\_\_\_\_  
Honorable Dale LaGrone  
Commissioner, Precinct Four

  
\_\_\_\_\_  
Honorable Billy Alexander  
Commissioner, Precinct One

  
\_\_\_\_\_  
Honorable David A. Cole  
Commissioner, Precinct Two

ATTEST:

  
\_\_\_\_\_  
Bobbie Davis, County Clerk



## Motor Fuels Tax Legislation

Travis Ransom <transom@casscountytexas.org>

Fri 3/8/2024 11:16 AM

To: Rodger McLane <rodger.mclane@co.panola.tx.us>

Cc: Vicki Heinkel <vicki.heinkel@co.panola.tx.us>

📎 3 attachments (58 KB)

County Motor Fuel Tax Exemption Resolution of Support.docx; County Motor Fuel Tax Exemption V1.docx; DRAFT Bill Analysis V1.docx;

Judge McLane –

I've been working on gathering resolutions of support for a proposed piece of legislation I wrote which exempts counties from the state motor fuels tax (.20 cents per gallon). I would love to have Panola County participate and support. I've attached the bill draft, bill analysis, and resolution of support for your review. I'd be happy to visit with you about it or come present it at your commissioners court meeting for consideration. While the draft includes all counties, I could foresee pushback which might bracket the legislation to counties less than 300k in population, similar to the SB22 model. I anticipate having sponsors in both the Senate (Hughes) and the House (Hefner) for this legislation. We are looking at this for the 89<sup>th</sup> regular session (January 2025) and early filing of bills will begin in November of this year.

Since the state motor fuels tax is a flat .20 cents per gallon for all diesel and gasoline, you should be able to pull your consumption and determine how much this exemption would save you. For every 100,000 gallons used, we save \$20,000. Larger, rural counties likely burn more fuel and of course the majority of the fuel expenditure is in the sheriff's budget.

So far, we have resolutions of support from the Commissioners Courts in Camp, Cass, Delta, Franklin, Harrison, Hopkins, Lamar, Marion, Morris, Red River, Titus, and Upshur counties. We're slowly working from the Northeast Corner of the state.

Let me know what you think!

Thanks,

Travis Ransom

Cass County Judge

903-756-5181 ext. 0

903-244-6655 mobile

No. \_\_\_\_\_

A BILL TO BE ENTITLED

AN ACT

relating to an exemption from certain motor fuel taxes for Texas Counties.

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

SECTION 1. Subsection (a), Section 162.104, Tax Code, is amended to read as follows:

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

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

(2) sold to a public school district in this state for the district's exclusive use;

(3) sold to a commercial transportation company or a

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(4) exported by either a licensed supplier or a licensed exporter from this state to any other state, provided that the bill of lading indicates the destination state and the supplier collects the destination state tax;

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

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

(7) exported to a foreign country if the bill of lading or shipping documents indicate the foreign destination and the fuel is actually exported to the foreign country;

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medical services and that uses the gasoline exclusively to provide  
emergency medical services, including rescue and ambulance  
services; [~~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).

(11) sold to a county in this state for the county's  
exclusive use.

SECTION 2. Section 162.125, Tax Code, is amended by adding  
Subsection (g-3) to read as follows:

(g-3) A county exempt from the tax imposed under this  
subchapter that paid tax on the purchase of gasoline is entitled  
to a refund of the tax paid, and the county may file a refund claim  
with the comptroller for that amount.

SECTION 3. Subsection (a), Section 162.125, Tax Code, is

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without collecting the tax to:

(1) the United States government for its exclusive use, provided that a credit is not allowed for gasoline used by a person operating under contract with the United States;

(2) a public school district in this state for the district's exclusive use;

(3) an exporter licensed under this subchapter if the seller is a licensed supplier or distributor and the exporter subsequently exports the gasoline to another state;

(4) a licensed aviation fuel dealer if the seller is a licensed distributor;

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

[~~or~~]

(6) a nonprofit food bank that delivers or will deliver the gasoline into the fuel supply tank of a motor vehicle with a

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SECTION 4. Subsection (a), Section 162.204, Tax Code, is amended to read as follows:

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

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

(2) diesel fuel sold to a public school district in this state for the district's exclusive use;

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

(4) diesel fuel exported by either a licensed supplier or a licensed exporter from this state to any other state, provided that the bill of lading indicates the destination state and the supplier collects the destination state tax;

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terminal rack is subject to the tax imposed by this subchapter;

(6) diesel fuel delivered or sold into a storage facility of a licensed aviation fuel dealer from which the diesel fuel will be delivered solely into the fuel supply tanks of aircraft or aircraft servicing equipment, or sold from one licensed aviation fuel dealer to another licensed aviation fuel dealer who will deliver the diesel fuel exclusively into the fuel supply tanks of aircraft or aircraft servicing equipment;

(7) diesel fuel exported to a foreign country if the bill of lading or shipping documents indicate the foreign destination and the fuel is actually exported to the foreign country;

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

(9) the volume of water, fuel ethanol, renewable diesel, biodiesel, or mixtures thereof that are blended together



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

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

(12) dyed kerosene when delivered by a supplier, distributor, or importer into a storage facility at a retail business from which all deliveries are exclusively for heating, cooking, lighting, or similar nonhighway use;

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

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

(B) is used exclusively to transport passengers for compensation or hire between points in this state on a fixed

organized for the sole purpose of and engages exclusively in providing emergency medical services and that uses the diesel fuel exclusively to provide emergency medical services, including rescue and ambulance services; [øx]

(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); or

(17) diesel fuel sold to a county in this state for the county's exclusive use.

SECTION 5. Section 162.227, Tax Code, is amended by adding Subsection (f-3) to read as follows:

(f-3) A county of this state exempt from the tax imposed under this subchapter that paid tax on the purchase of diesel fuel is entitled to a refund of the tax paid, and the county may file a

No. \_\_\_\_\_  
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) the United States government for its exclusive use, provided that a credit is not allowed for gasoline used by a person operating under a contract with the United States;

(2) a public school district in this state for the district's exclusive use;

(3) an exporter licensed under this subchapter if the seller is a licensed supplier or distributor and the exporter subsequently exports the diesel fuel to another state;

(4) a licensed aviation fuel dealer if the seller is a licensed distributor;

(5) a commercial transportation company or a metropolitan rapid transit authority operating under Chapter 451, Transportation Code, that provides public school transportation services to a school district under Section 34.008, Education Code, and that uses the diesel fuel exclusively to provide those services; [e#]

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(7) a county in this state for the county's exclusive use.

SECTION 7. Chapter 162, Tax Code, as amended by this Act, does not affect tax liability accruing before the effective date of this Act. 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 8. This Act takes effect July 1, 2025, if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for effect on that date, this Act takes effect September 1, 2025.

No. \_\_\_\_\_

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President of the Senate

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Speaker of the House

I certify that \_\_\_\_\_ No. \_\_\_\_\_ was passed by the Senate on \_\_\_\_\_, by the following vote: Yeas \_\_\_\_\_, Nays \_\_\_\_\_, \_\_\_\_\_ present, not voting.

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Secretary of the Senate

I certify that \_\_\_\_\_ No. \_\_\_\_\_ was passed by the House on \_\_\_\_\_, by the following vote: Yeas \_\_\_\_\_, Nays \_\_\_\_\_, \_\_\_\_\_ present, not voting.

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Chief Clerk of the House

APPROVED:

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Date

## **BILL ANALYSIS**

By: \_\_\_\_\_  
Finance

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

Counties are the action arm of State Government and provide many essential state services to constituents at the local level. Counties provide public safety and justice, build and maintain roads, bridges, and provide emergency management services. Counties serve as first responders to clear roads during weather events and assist other local, state and volunteer agencies with emergency response and recovery. Specific state transportation-related costs such as motor fuel taxes have a significant impact on county budgets.

Texas law provides a variety of exemptions from gasoline and diesel taxes. Federal agencies, Volunteer Fire Departments, and Texas public school districts, or their bus contractors, are exempted. SB/HB \_\_\_\_\_ seeks to provide an exemption from motor fuel taxes for Texas counties or for a storage facility from which gasoline will be delivered into the fuel supply tanks of a Texas county for its exclusive use. SB/HB \_\_\_\_\_ also authorizes a county that paid tax on the purchase of gasoline or diesel fuel to file a claim with the comptroller of public accounts for a refund of the tax paid.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 162.104(a), Tax Code, as follows:

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

- (1)-(9) makes no changes to these subdivisions;
- (9)-(10) makes nonsubstantive changes to these subdivisions; or
- (11) sold to a county in this state for the county's exclusive use.

SECTION 2. Amends Section 162.125, Tax Code, by adding Subsection (g-3) as follows:

(g-3) A county exempt from the tax imposed under this subchapter that paid tax on the purchase of gasoline is entitled to a refund of the tax paid, and the county may file a refund claim with the comptroller for that amount.

SECTION 3. 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)-(15) makes no changes to these subdivisions;

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

(17) diesel fuel sold to a county in this state for the county's exclusive use.

SECTION 4. 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)-(4) makes no changes to these subdivisions;

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

(7) a county in this state for the county's exclusive use.

SECTION 5. Amends Section 162.227, Tax Code, by adding Subsection (f-3), as follows:

(f-3) A county of this state exempt from the tax imposed under this subchapter that paid tax on the purchase of diesel fuel is entitled to a refund of the tax paid, and the county may file a refund claim with the comptroller for that amount.

SECTION 6. 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 the 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 5. Effective date: July 1, 2025, or September 1, 2025.