

SUBJECT: Prohibiting localities from taxing compressed or liquefied natural gas

COMMITTEE: Ways and Means — favorable, without amendment

VOTE: 11 ayes — D. Bonnen, Y. Davis, Bohac, Darby, Johnson, Murphy, Murr, Raymond, Shine, Springer, Stephenson

0 nays

WITNESSES: For — (*Registered, but did not testify:* Matt Grabner, Ryan, LLC; Stephen Minick, Texas Association of Business)

Against — None

On — (*Registered, but did not testify:* Joseph Scanio, Comptroller of Public Accounts)

BACKGROUND: Tax Code, sec. 162.014 prohibits localities from imposing taxes on the sale, use, or distribution of gasoline, diesel fuel, or liquefied gas.

HB 2148 by Hilderbran, enacted by the 83rd Legislature in 2013, redefined "liquefied gas" to exclude compressed or liquefied natural gas.

DIGEST: HB 1351 would prohibit localities from imposing taxes on the sale, use, or distribution of compressed or liquefied natural gas.

This bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2017.

SUPPORTERS SAY: HB 1351 would correct an unintended change made by previous legislation allowing a locality to tax compressed or liquefied natural gas. No locality currently imposes a tax on compressed or liquefied natural gas, but the Legislature should fix this unintentional change in law as the state already imposes a 15-cent-per-gallon tax on these fuels.

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OPPONENTS
SAY: No apparent opposition.

NOTES: A companion bill, SB 1120 by Zaffirini, passed the Senate unanimously on April 6.