

## **Changes to Imposition of Texas Motor Fuel Tax on Gasoline and Diesel Sold/Removed at the Rack for Export**

Effective January 1, 2018, there are several changes to the imposition of motor fuel tax in Texas with respect to sales and removals of gasoline and diesel at the terminal rack destined for export from the State:

1. Sales of gasoline and diesel at the rack in Texas for export out of Texas will be subject to Texas motor fuel tax if the purchaser is not a licensed supplier, distributor or exporter. The tax is paid by the supplier at the rack and the purchaser can claim a credit on proof of export.
2. Any gasoline or diesel that is sold for export to a licensed entity but is resold and delivered to a location in Texas is subject to tax. The tax is paid by the person redirecting the delivery to a point in the State.
3. A licensed supplier or exporter may export gasoline or diesel tax free if the following conditions are met: the bill of lading must list the out of state destination and the destination state taxes must have been paid. The destination state must recognize the supplier or export as eligible to remit taxes in that state.

These changes were made in SB 1557 which was signed into law earlier this summer.