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<b>Title 34</b>	PUBLIC FINANCE
<b>Part 1</b>	COMPTROLLER OF PUBLIC ACCOUNTS
<b>Chapter 3</b>	TAX ADMINISTRATION
<b>Subchapter S</b>	MOTOR FUEL TAX
<b>Rule §3.443</b>	Diesel Fuel Tax Exemption for Water, Fuel Ethanol, Biodiesel, Renewable Diesel, and Biodiesel and Renewable Diesel Mixtures
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<b>Chapter Review Date</b>	12/06/2024

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(a) Definitions. The following words and terms, when used in this section, shall have the following meanings, unless the context clearly indicates otherwise.

(1) Water-based diesel fuel--a combination of water, petroleum diesel fuel, emulsifier, and seasonal additives (when necessary) into an emulsion that is suitable or used for the propulsion of a diesel-powered motor vehicle.

(2) Fuel grade ethanol--denatured ethanol meeting the requirements of American Society for Testing and Materials (ASTM) D-4806 used for blending with motor fuel.

(3) Biodiesel--a fuel that:

(A) meets the registration requirements for fuel or fuel additives established by the United States Environmental Agency under Section 211 of the Federal Clean Air Act (42 U.S.C. Section 7545);

(B) is mono-alkyl esters of long chain fatty acids derived from vegetable oils and animal fats;

(C) meets the requirements of ASTM D-6751;

(D) is intended for use in engines that are designed to run on conventional, petroleum-derived diesel fuel; and

(E) is derived from agricultural products, vegetable oils, recycled greases, biomass, or animal fats or the wastes of those products or fats.

(4) Biodiesel blend--a blend of biodiesel meeting the requirements of paragraph (3) of this subsection, with petroleum based diesel fuel.

(5) Renewable diesel--a fuel that:

(A) meets the registration requirements for fuel or fuel additives established by the United States Environmental Agency under Section 211 of the Federal Clean Air Act (42 U.S.C. Section 7545);

(B) is a hydrocarbon;

(C) meets the requirements of ASTM D-975;

(D) is intended for use in engines that are designed to run on conventional, petroleum-derived diesel fuel; and

(E) is derived from agricultural products, vegetable oils, recycled greases, biomass, or animal fats or the wastes of those products or fats.

(6) Renewable diesel blend--a blend of renewable diesel fuel meeting the requirements of paragraph (5) of this subsection, with petroleum based diesel fuel. A renewable diesel blend may also be identified as a biomass-based diesel blend.

(b) Diesel fuel tax exception. The tax imposed on diesel fuel pursuant to Tax Code, §162.201, does not apply to biodiesel, renewable diesel or to the volume of water, fuel grade ethanol, biodiesel or renewable diesel that is blended with taxable petroleum based diesel fuel when the finished product meets the certification requirements of subsection (f) of this section and is clearly identified on the sales invoice, storage tank, and retail pump, as required by subsection (c), (d), or (e) of this section. The tax imposed pursuant to Tax Code, §162.201, applies to the petroleum-based component of a renewable diesel blend that is the result of co-processing a renewable diesel feedstock with a petroleum-based feedstock in the same facility or refinery processing unit. The portion of the resulting co-processed product that is exempt from the tax imposed pursuant to Tax Code, §162.201, as a renewable diesel is equal to the volume of renewable diesel used as a feedstock. The tax exemption on biodiesel, renewable diesel or to the volume of water, fuel grade ethanol, biodiesel or renewable diesel that is blended with taxable petroleum based diesel fuel provided by Tax Code, §162.204, should be documented in each transaction so that the exemption is passed to the person ultimately using or consuming the diesel fuel.

(c) Invoice documentation.

(1) The volume of biodiesel or renewable diesel must be identified on the sales invoice on each sales transaction, and must continue to be identified on sales invoices until the product is sold to the ultimate consumer.

(2) The volume of water, fuel grade ethanol, biodiesel, or renewable diesel that is combined with taxable petroleum based diesel fuel must be identified on the sales invoice on each sales transaction after the water, fuel grade ethanol, biodiesel, or renewable diesel is first blended with taxable petroleum based diesel fuel, and must continue to be identified on sales invoices until the blended product is sold to the ultimate consumer.

(3) A sales invoice must:

(A) identify a water-based diesel fuel, ethanol blended diesel fuel, biodiesel, renewable diesel, biodiesel blend, or renewable diesel blend by a commonly accepted commercial or industry name for the product being sold. For example, B100 for biodiesel or B20 for a biodiesel blend containing 80% taxable petroleum diesel fuel and 20% biodiesel;

(B) list the volume in gallons (rounded to the nearest whole gallon) or the percentage (rounded to the nearest whole percentage; for example 1.4% becomes 1.0% and 1.5%



4.0% and may be identified on the retail pump as "Contains Up To 5.0% Biodiesel or Renewable Diesel", or similar wording, and identified on the sales invoice with the statement "Contains up to 5.0% biodiesel or renewable diesel - state diesel tax \$0.19 per gallon", or similar wording;

(2) blends containing a total percentage greater than 5.0% biodiesel or renewable diesel by volume but no more than 10% biodiesel or renewable diesel by volume may be identified as "Contains Up To 10% Biodiesel or Renewable Diesel" or similar wording. Each component that is biodiesel and renewable diesel is added together to determine the total percentage. The sales invoice must list the basis for collecting the state tax as though the blended product sold is a 10% blend. For example, a blend that contains 2.0% biodiesel and 5.0% renewable diesel has a total blend of 7.0% and may be identified on the retail pump as "Contains Up To 10% Biodiesel or Renewable Diesel", or similar wording, and identified on the sales invoice with the statement "Contains up to 10% biodiesel or renewable diesel - state diesel tax \$0.18 per gallon", or similar wording;

(3) blends containing a total percentage greater than 10% biodiesel or renewable diesel by volume but no more than 15% biodiesel or renewable diesel by volume may be identified as "Contains Up To 15% Biodiesel or Renewable Diesel" or similar wording. Each component that is biodiesel and renewable diesel is added together to determine the total percentage. The sales invoice must list the basis for collecting the state tax as though the blended product sold is a 15% blend. For example, a blend that contains 5.0% biodiesel and 7.0%

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