



CAROLE KEETON STRAYHORN
Comptroller

COMPTROLLER OF PUBLIC ACCOUNTS

P.O. BOX 13528
AUSTIN, TX 78711-3528

August 25, 2003

Dear Taxpayer:

The 2003 Texas Legislature has recently changed the laws affecting motor fuels tax refunds.

Beginning September 1, 2003, motor vehicle air conditioning and heating systems will no longer be considered power take-off systems. Fuel used to operate motor vehicle air conditioning and heating systems will not be eligible for a refund. Under the new law, refund claims for PTO use PRIOR to September 1, 2003, must be postmarked within one year from the date of use.

Beginning January 1, 2004, diesel fuel will no longer be eligible for refund when used in PTO or auxiliary power units supplied by the same fuel tank used to propel the vehicle. Under the new law, fuel used in a PTO or auxiliary power unit PRIOR to January 1, 2004, is eligible for refund; however, the refund claim must be postmarked within one year from the date of use.

The Comptroller cannot approve tax refund for claims postmarked more than one year after date of use.

Effective January 1, 2004, there will be no tax-free purchases of undyed (clear) diesel fuel. The only exceptions are purchases by the federal government, a Texas public school district, a company that provides transportation for a Texas public school district, and a non-profit electric or telephone cooperative organized under the Texas Utilities Code.

Taxpayers have one year from the date of use to claim a refund of tax paid on fuel used PRIOR to January 1, 2004. Under the new, law refund claims for undyed (clear) diesel fuel used on or after January 1, 2004, must be postmarked by December 31, 2004. The Comptroller cannot approve tax refunds for claims postmarked after December 31, 2004.

Effective January 1, 2005, undyed diesel fuel used in off-highway equipment, stationary engines and used for other non-highway purposes will no longer be eligible for refund. The only exceptions are purchases by the federal government, a Texas public school district, a company that provides transportation for a Texas public school district, and a non-profit electric or telephone cooperative organized under the Texas Utilities Code.

If you need additional information, call us toll free at 1-800-252-1383 or, in Austin, 512/463-4600. From a Telecommunications Device for the Deaf (TDD) only, call toll free at 1-800-248-4099 or 512/463-4621.

Sincerely,

Bryant K. Lomax
Manager, Tax Policy Division