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REGULATORY COMPLIANCE BULLETIN

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2017 FEDERAL MOTOR FUEL EXCISE TAXES

What's New? The biodiesel blender credit, the alternative fuel mixture credit, the sale or use of alternative fuel credit and the alternative fuel infrastructure tax credit all expired on December 31, 2016. The IRS will not accept claims for any renewable fuel blends *created after* this date. However, timely filed claims for blends *created before* December 31, 2016 may still be filed.

Also, the federal Oil Spill Liability Tax (OSLT) increased from 8 cents per barrel of crude to 9 cents per barrel of crude on January 1, 2017. The OSLT is paid by refiners and is *not* treated as a tax below the terminal rack. Instead, the OSLT is passed down by refiners as a *cost* of the finished product even though many terminal operators break it out on bill of lading as a "tax". Therefore, tax exempt parties below the terminal rack are not exempt from the OSLT because it is a cost and not a tax at their point of purchase on the distribution stream.

The following is a list of federal motor fuel excise tax rates for 2017. (LUST tax included where applicable)

Product	Rate*	Cents Per/Gal
Gasoline	\$.184	18.4 cpg
Gasoline (removed for alcohol blending)	\$.184	18.4 cpg
Alcohol (for use in downstream gasoline blending)	\$.184	18.4 cpg
Aviation Gasoline	\$.194	19.4 cpg
Alcohol blends are always taxed at the full federal rate for gasoline.		
Alcohol Blender's Credit	(Expired)	
Biodiesel Blender's Credit	(Expired)	
Alternative Fuel Mixture Credit	(Expired)	
Sale or Use of Alternative Fuel Credit	(Expired)	
Heating Oil (LUST tax)	\$.001	1/10 th cpg
Diesel (clear)	\$.244	24.4 cpg
Diesel (dyed)	\$.001	1/10 th cpg
Diesel (dyed, used in trains)	\$.001	1/10 th cpg
Diesel (removed for blending with biodiesel)	\$.244	24.4 cpg
Diesel (used in certain intercity and local buses)	\$.17	17 cpg
Biodiesel (removed for blending with diesel)	\$.244	24.4 cpg

Kerosene (clear)	\$.244	24.4	cpg
Kerosene (dyed)	\$.001	1/10 th	cpg
Kerosene (clear - non-commercial aviation)**	\$.219	21.9	cpg
Kerosene (clear - for use in non-taxable aviation)	\$.001	1/10 th	cpg
Kerosene (clear - for use in commercial aviation not foreign trade)	\$.044	4.4	cpg
Propane (liquefied propane gas) (gasoline gallon equivalent)	\$.183	18.3	cpg
Compressed Natural Gas (CNG) (gasoline gallon equivalent)	\$.183	18.3	cpg
Liquefied Natural Gas (diesel fuel gallon equivalent)	\$.243	24.3	cpg
"P" Series Fuels	\$.184	18.4	cpg
Liquefied Fuel (derived from biomass)	\$.244	24.4	cpg

* Rates include the \$.001 cpg federal Leaking Underground Storage Tank (LUST) tax when applicable. The LUST tax is non-refundable.

** Marketers pay \$.244 cpg at the rack, user's rate is \$.219. Ultimate vendor claim is \$.025 cpg. The ultimate vendor is the only party that can make the claim for 2.5 cpg. Ultimate vendor must have a certificate from the ultimate purchaser verifying the fuel is used for non-commercial aviation. Ultimate vendor must have an IRS 637 UA registration to file claim.

***For taxation purposes, one gasoline gallon equivalent (GGE) is equal to 5.75 pounds (lbs.) of propane and 5.66 lbs. of CNG. One diesel gallon equivalent (DGE) is equal to 6.06 lbs. of LNG.

Got Questions? Contact Mark S. Morgan, PMAA Regulatory Counsel at mmorgan@pmaa.org