



# Motor Fuels Tax Newsletter

## News and developments

A publication of the Motor Fuels Tax Section

Cory Fong  
Tax Commissioner

### 2007 Legislation

**Heating Fuel Rate Reduction:** *HB 1049* reduces the tax on special fuels sold for use as heating fuel. Dyed fuel sold for use as heating fuel is subject to tax at the rate of two cents per gallon and propane sold for use as heating fuel is subject to tax at the rate of one percent from January 1, 2008, through June 30, 2009. Beginning July 1, 2009, dyed fuel and propane sold for use as heating fuel are exempt from the special fuel tax. Revised tax forms and updated instructions will be available on our web site at [www.nd.gov/tax](http://www.nd.gov/tax).

#### Inside this issue:

- 2007 Legislation ..... 1
  - Heating Fuel Rate Reduction ..... 1
  - Special Fuels Excise Tax ..... 1
  - Emergency Medical Services Operation Refund ..... 1
  - Physical Inventory and Reconciliation ..... 1
  - Definitions for E85 and Biodiesel ..... 2
  - Motor Vehicle Refund ..... 2
- Tribal Fuel Tax Agreements ..... 2
- Methanol Sales ..... 2
- Reminders ..... 2
  - Electronic Filing ..... 3
  - Blended Fuel Sales ..... 3
- Contact Information ..... 3

**Special Fuels Excise Tax:** *HB 1348* retains the special fuel excise tax at the rate of two percent on sales of propane but changes the rate to four cents per gallon on all other special fuels previously taxed at two percent. This rate change is effective beginning July 1, 2007. Revised tax forms and updated instructions will be available on our web site by July 1, 2007.

Special fuel retailers who sell dyed fuel for non-heating purposes can choose to change their license to an inactive status. An inactive status would require the purchase of dyed diesel tax paid and the retailer would not be required to file monthly reports. However, retailers selling any special fuel for heating purposes must have a license in place on January 1, 2008, the effective date for the change in rate on heating fuel, and will be required to file monthly reports.

#### Emergency Medical Services Operation Refund:

*HB 1138* provides for a refund of tax paid for motor vehicle fuel, special fuel, and aviation fuel used in an ambulance operated by a licensed emergency medical services operation beginning July 1, 2007. Documentation and filing requirements will be the same as for other consumer refunds. Forms and instructions are available on our web site.

#### Physical Inventory and Reconciliation:

*SB 2085* requires the reporting of physical inventories for all motor vehicle fuel, special fuel, liquefied petroleum, and aviation fuel on a monthly basis. The reporting of physical inventories on the monthly report allows for a calculation of gains and losses on a monthly basis and eliminates the requirement to conduct and report a reconciliation of inventories in increments not to exceed a twelve month period. This bill is effective August 1, 2007.

The reconciliation page will be eliminated from the monthly reports and will no longer be required. Revised forms and instructions will be available on our web site.



Office of  
State Tax Commissioner  
600 E Blvd. Ave. Dept 127  
Bismarck, ND 58505-0599  
701.328.3126  
[www.nd.gov/tax](http://www.nd.gov/tax)  
[fueltax@nd.gov](mailto:fueltax@nd.gov)  
[www.nd.gov](http://www.nd.gov)

**"A supplier, distributor, or retailer is prohibited from preparing a refund claim for the consumer."**

Timing differences and month-end business practices may result in an artificial gain or loss and an offsetting gain or loss in the following month. Taking into account these timing differences, the Tax Commissioner's Office will be providing annual reconciliation reports to all licensed dealers based on reported information during the year. The report will provide a detail of gains and losses by reporting month with the resulting net gain or loss over the annual period. Reports that indicate a net annual loss will be subject to tax on the loss.

**Definitions for E85 and Biodiesel:** *SB 2087* provides a definition of "E85 fuel" to mean a petroleum product that is a blend of agriculturally derived denatured ethanol and gasoline or natural gasoline that typically contains eighty-five percent ethanol by volume, but at a minimum must contain sixty percent ethanol by volume. E85 produced for motor fuel must comply with ASTM specification D 5798-96.

A definition provided for "biodiesel, designated B100" means a fuel comprised of mono-alkyl esters of long chain fatty acids derived from vegetable oil or animal fats that meets ASTM specification D 6751.

**Motor Vehicle Refund:** *SB 2089* removes the requirement that documentation submitted with a request for a refund of motor vehicle must have the tax listed as a separate item or a statement that the tax is included in the price. Revised forms and instructions are available on our web site.

North Dakota Century Code § 57-43.1-04 states that "A supplier, distributor, or retailer is prohibited from preparing a refund claim for the consumer." Taxpayers are expected to fill out their own forms or find an independent party if they are unable to do it themselves. 

---

## Tribal Fuel Tax Agreements

The North Dakota Office of State Tax Commissioner and the Standing Rock and Spirit Lake Tribes have Motor Vehicle Fuels Tax and Special Fuels Tax Collection Agreements in effect. An agreement with Three Affiliated Tribes has been signed and should be finalized later this summer. All distributors and suppliers who make tax-paid fuel sales to retailers or bulk sales to enrolled tribal members on any of these reservations must obtain a special tribal license. Please contact our office if you have any questions. 

---

## Reminders

**Electronic Filing:** All licensed dealers are required to file monthly reports electronically beginning with the July 2007 reports which are due August 27, 2007. Electronic reports must be submitted using EDI (electronic data interchange) or an Excel template provided by our office. You must complete the e-file registration and testing process prior to the required due date. Contact us if you do not have computer capabilities.

If you need assistance with electronic filing registration or testing, or would like individual training on the electronic filing process, please contact our office.

If you are using Excel 2007 for electronic filing, you will need to save the file in an earlier version of Excel before uploading your returns. Please contact our office if you need assistance in this area.

**Blended Fuel Sales:** Licensed dealers selling blended fuel must report the sale as a blended product, not as a sale of separate products. Line 3 of the fuel tax reports provides for the transfer of individual product volumes, which were reported on the receipts schedule, to a blended product category subsequently reported as a sale on the disbursement schedule. 

---

## Contact Information:

- Phone: (701) 328-3126
- E-mail: [fueltax@nd.gov](mailto:fueltax@nd.gov)
- Web site: [www.nd.gov/tax](http://www.nd.gov/tax) 

***Licensed dealers selling blended fuel must report the sale as a blended product, not as a sale of separate products.***

This newsletter is available on our web site at [www.nd.gov/tax/fuel/pubs/newsletter](http://www.nd.gov/tax/fuel/pubs/newsletter). We offer an e-mail notification service to subscribers as soon as a new issue is placed on our web site. To join the e-mail service, simply visit our web site and click on "Newsletter Subscription" located in the top blue bar at the right side of our home page.

**OFFICE OF STATE TAX COMMISSIONER**

600 E. Boulevard Ave. Dept. 127  
Bismarck, ND 58502-0599

PRESORTED  
STANDARD  
U.S. POSTAGE  
**PAID**  
BISMARCK ND  
PERMIT NO. 189



Office of  
State Tax Commissioner  
600 E Blvd Ave, Dept 127  
Bismarck ND 58505-0599  
701.328.3126  
nd.gov/tax  
fueltax@nd.gov  
www.nd.gov