

MOTOR FUELS TAX SECTION MODEL LEGISLATION



TABLE OF CONTENTS

TABLE OF CONTENTS	Error! Bookmark not defined.
MODEL LEGISLATION CHECKLIST.....	6
Purpose and Scope	6
1. Taxpayer Options	6
1.1 Tax at the Terminal Rack.....	7
1.2 Tax at the Distributor/Wholesale Level.....	7
1.3 Tax at the Retail and/or Use Level	7
1.4 Tax on First Importation.....	8
1.5 Tax on First Receipt into Storage (Terminal or Refinery).....	8
2. Collection and Payment of Tax.....	8
2.1 General Considerations	8
2.2 Electronic Payments	8
3. Tax-Exempt Diesel Fuel Must Be Dyed	9
3.1 Dyed Diesel Use and Tax Treatment.....	9
3.2 Kerosene Considerations	9
3.3 Refund and Contamination Provisions	10
4. Racing Fuel	10
4.1 Definition of Racing Fuel.....	10
4.2 Tax Status.....	10
4.3 Product Distinctions	10
4.4 Timing of Exemptions	10
4.5 Licensing and Bonding Considerations	10
4.6 Enforcement Considerations.....	10
4.7 Nexus Considerations.....	11
4.8 Sales and Use Tax Considerations	11
5. Clear or Dyed Kerosene	11
5.1 Definition of Kerosene.....	11
5.2 Tax Status.....	11
5.3 Timing of Exemptions	11
5.4 Refund Administration	11
5.5 Operational Requirements	11
5.6 Retail Sales Considerations.....	11
5.7 Enforcement Considerations.....	12

5.8 Dyed Kerosene Treatment	12
5.9 Sales and Use Tax Considerations	12
6. Exempt Uses and Refunds	12
6.1 Exports	12
6.2 Specific Exempt Uses.....	12
6.3 Special Situations	13
6.4 Refund Claim Procedures	13
6.5 Destination State Diversions	13
6.6 Federal Considerations	13
6.7 Third Party Credit Card Transactions.....	13
7. Licensing and Bonding Requirements	14
7.1 License Types	14
7.2 General Licensing Requirements	14
7.3 Bonding Requirements.....	14
7.4 Bankruptcy Considerations	15
8. Fuel Tax Fraud Penalties	15
8.1 General Considerations	15
8.2 Criminal Penalties.....	15
8.3 Other Violations.....	16
8.4 Civil Penalties	16
9. Enforcement	16
9.1 General Enforcement Considerations.....	16
9.2 Investigative and Enforcement Authority.....	16
9.3 Shipping and Documentation Requirements	16
9.4 Additional Enforcement Measures.....	17
10. Records, Reports, and Payment.....	17
10.1 Documentation Requirements.....	17
10.2 Transport Documentation	17
10.3 Record Retention	17
10.4 Reporting Requirements.....	17
10.5 Electronic Reporting.....	17
10.6 Payment and Verification	17
11. Import/Export Cross Border Issues.....	18
11.1 Rack State Considerations	18

11.2 General Cross-Border Considerations	18
12. Refunds and Credits for Bad Debts	18
12.1 Bad Debt Relief	19
12.2 Documentation Requirements.....	19
12.3 Bonding Considerations	19
12.4 Administrative Considerations	19
12.5 Additional Considerations	19
13. License Listing	19
13.1 License Listing Requirements	19
13.2 Information Included.....	20
13.3 Distribution and Updates	20
13.4 Confidentiality Considerations	20
14. Alternative Fuels.....	20
14.1 Taxpayer Options	20
14.2 Collection and Payment of Tax or Fees.....	20
14.3 Exempt Uses and Refunds	21
14.4 Refund Administration	21
14.5 Licensing and Bonding Requirements	21
14.6 Fuel Tax Fraud Penalties	22
14.7 Enforcement.....	22
14.8 Refunds and Credits for Bad Debts	22
14.9 License Listing	22
14.10 Reduced Tax Rates.....	22
14.11 Conversion Rates	23
15. Two Party Exchanges	23
15.1 General Description	23
15.2 Point of Taxation Considerations	23
15.3 Exchange “Stacking”	23
15.4 Tracking and Cross-Matching	24
15.5 Enforcement and Audit Considerations.....	24
15.6 Cross-Border Considerations	24
16. Minimizing Fuel Disruptions	24
Emergency / Disaster Readiness Checklist.....	24
16.1 Alternative Work Arrangements	24

16.2 Hardware Needs	24
16.3 System Considerations	25
16.4 Software Access	25
16.5 Critical Processes and Tasks	25
16.6 Emergency Notification	25
16.7 Evacuation Planning.....	25
16.8 Additional Considerations	26
16.9 Disaster Recovery and Business Resumption	26
MODEL REGISTRATION FORMS.....	27
Motor Fuels and Alternative Fuels Tax License Registration Information (State’s Name)	27
Purpose	27
Who Must Apply	27

MODEL LEGISLATION CHECKLIST

Purpose and Scope

The Model Legislation Checklist was developed to provide a guide for states considering changes to their motor fuel tax structure, including changes to the point of taxation and implementation of the Uniformity 11-Point Plan.

This section outlines policy options and administrative considerations commonly evaluated by taxing jurisdictions, including:

- Dyed diesel requirements at various points of taxation
- Taxation at the terminal rack
- First receipt methods
- Distributor-level taxation
- Retail or use-level taxation
- Third-party reporting requirements

The checklist is intended to assist jurisdictions in strengthening motor fuel tax laws and addressing compliance issues, including tax evasion. Motor fuel tax evasion results in revenue losses at both the state and federal levels, reducing available funding for transportation infrastructure and impacting compliant businesses.

Jurisdictions that identify motor fuel tax evasion as a concern may consider legislative and administrative actions to improve compliance and oversight, including:

- Strengthening enforcement efforts
- Improving the tracking of motor fuel transactions
- Reducing the number of taxpayers within the system
- Limiting opportunities for tax-free transactions
- Promoting consistency with other state tax laws
- Strengthening existing motor fuel tax statutes

The following sections provide guidance related to:

- Licensing and bonding requirements
- Reporting and recordkeeping requirements
- Criminal and civil penalties
- Enforcement and audit practices
- Statutory revisions
- Changes to the point of taxation

1. Taxpayer Options

When proposing changes to existing motor fuel tax laws, taxing authorities must determine who the taxpayer will be. In other words, how far up the distribution chain the incidence of tax should be placed. The following outlines common taxpayer options along with examples used by federal and state taxing authorities.

1.1 Tax at the Terminal Rack

Generally, gasoline, undyed diesel fuel, and kerosene are taxed as they cross the terminal loading rack. Some jurisdictions have adopted variations of federal “tax at the rack” legislation. Examples include:

1.1.1 Position Holder at the Rack

Tax is due from the position holder when the product crosses the rack (the person owning the inventory according to the terminal operator’s records.)

1.1.2 Position Holder or Exchange Receiver at the Rack (Modified Position Holder)

If the position holder delivers fuel under an exchange agreement, the exchange receiver remits the tax.

Otherwise, tax is due from the position holder.

Exception: Tax is due from the receiver if the product is received under an exchange agreement.

1.1.3 First Receiver Below the Rack

The person physically receiving the fuel at the rack remits the tax, if licensed. If not licensed, the position holder or exchange receiver remains responsible. No subsequent tax-free sales are allowed.

All dyed diesel fuel that meets EPA and IRS requirements may be sold tax-free but cannot be used on highways.

1.2 Tax at the Distributor/Wholesale Level

Fuel may be taxed at the terminal rack unless sold to another licensed supplier, distributor, or wholesaler. Each jurisdiction determines who qualifies as a license holder for tax-free purchases.

Examples include:

1.2.1

Subsequent sales after the rack are exempt until the product is sold to an unlicensed party. The last licensed distributor pays the tax.

1.2.2

All licensed distributors are exempt. Tax is due from the last licensed distributor making a sale to an unlicensed party.

1.2.3

A jurisdiction may limit the number of exempt transactions between licensed distributors. For example, tax may be due on the third transaction.

1.3 Tax at the Retail and/or Use Level

Some jurisdictions license all retail dealers and users of diesel fuel and impose tax at the point where fuel is placed into a motor vehicle.

In these cases:

- Parties in the distribution chain are licensed
- Fuel is sold tax-free between licensees
- The party placing fuel into the vehicle becomes the taxpayer

Each jurisdiction determines licensing requirements and structure.

1.4 Tax on First Importation

Tax may be imposed on the party responsible for importing, refining, manufacturing, producing, blending, or compounding fuel within the state.

If this method is used, consideration should be given to the development of refund provisions.

1.5 Tax on First Receipt into Storage (Terminal or Refinery)

Tax is paid by the person first receiving fuel at a terminal or refinery.

Tax is also due from the importer when fuel is:

- Delivered directly to a customer, or
- Used by the importer

2. Collection and Payment of Tax

When determining taxpayer options, the method selected will impact both who is responsible for the tax and the number of taxpayers within a jurisdiction. For example, implementation of tax at the terminal rack has reduced the number of taxpayers in some jurisdictions.

Moving the point of taxation may also affect cash flow for certain taxpayers, as taxes may be paid earlier in the distribution process. Consideration should be given to refund provisions and treatment of bad debt.

Reducing the number of taxpayers may allow for greater oversight and audit coverage. However, concentrating tax liability among fewer taxpayers may increase the risk of larger revenue losses if noncompliance occurs.

2.1 General Considerations

- Tax payments by importers
- Pre-collection of tax by importers
- Terminal operator liability
- Deferral of tax reimbursement by downstream parties until tax is remitted
- Tax treatment of cross-border movements
- Bad debt allowances
- Backup tax provisions
- Collection or handling allowances

2.2 Electronic Payments

When considering electronic payment requirements, jurisdictions may review existing practices and determine what best meets their operational needs.

Electronic payments may include electronic funds transfer (EFT), credit cards, or debit cards.

2.2.1 Legislative Considerations

- Establish thresholds for mandatory electronic payments
- Allow time for taxpayer registration and system testing
- Permit voluntary participation below thresholds
- Provide procedures to correct or refund erroneous payments
- Establish alternative payment methods if systems fail
- Determine responsibility for payment processing fees
- Allow payment scheduling or “warehousing” where applicable
- Consider the impact on taxpayer cash flow

2.2.2 Electronic Funds Transfer (EFT)

EFT is commonly used to transfer funds electronically between accounts.

a. ACH Credit

The taxpayer initiates payment through their financial institution. A standardized addenda record is required. Financial institutions may charge fees.

b. ACH Debit

The taxpayer authorizes the taxing authority to withdraw funds. This is often administered through a third-party provider.

2.2.3 Credit and Debit Cards

- Determine system capability to accept card payments
- Identify accepted card types
- Determine available payment methods (in-person, mail, phone, internet)
- Determine whether the state or taxpayer pays associated fees
- Consider how the payment option will be communicated to taxpayers

3. Tax-Exempt Diesel Fuel Must Be Dyed

Diesel fuel may be sold exempt from federal excise tax at the terminal rack if it meets dyeing and marking requirements established by the Internal Revenue Service under 26 U.S.C. § 4082.

Certain entities are authorized to use dyed diesel fuel for non-highway purposes. When developing or updating legislation, jurisdictions should include provisions addressing the treatment of dyed fuel.

If a jurisdiction taxes state or local government use of fuel, consideration should be given to how dyed fuel purchases are treated.

3.1 Dyed Diesel Use and Tax Treatment

- Address use of dyed diesel by state and local governments
- Establish provisions for taxing dyed fuel when used for taxable purposes
- Ensure alignment with federal requirements

3.2 Kerosene Considerations

- Kerosene is generally treated similarly to diesel fuel for federal tax purposes
- Tax is typically applied when kerosene crosses the terminal rack
- If kerosene is blended for highway use, it should be treated as taxable

If kerosene is used for non-highway purposes, jurisdictions may need to establish refund provisions.

3.3 Refund and Contamination Provisions

- Establish refund procedures for non-highway use
 - Address accidental contamination of clear diesel with dyed fuel
 - Provide guidance for correcting or reporting contamination
-

4. Racing Fuel

When considering the taxation or exempt status of racing fuel, jurisdictions should address the following:

4.1 Definition of Racing Fuel

The definition of racing fuel is typically based on octane level. Jurisdictions may refer to uniform definitions for guidance.

4.2 Tax Status

Determine whether racing fuel will be treated as taxable or exempt.

4.2.1 Exempt Status

If racing fuel is exempt, determine whether the exemption is based on:

- The product, regardless of use, or
- The use of the product

4.2.2 Taxable Status

If racing fuel is taxable, determine whether refund provisions apply for off-highway use.

4.3 Product Distinctions

Determine whether exemptions or tax treatment should differ for leaded and unleaded products

4.4 Timing of Exemptions

Determine whether exemptions apply at the time of purchase or through a refund process

4.5 Licensing and Bonding Considerations

Determine whether licensing and bonding are required for entities distributing or using racing fuel.

Racing fuel is often transported outside the typical fuel distribution system and may be shipped in prepackaged containers over long distances.

4.6 Enforcement Considerations

Racing fuel presents potential areas for tax evasion regardless of its tax status.

If taxable:

- Address registration of non-traditional fuel dealers and carriers
- Address limited storage and distribution tracking

If exempt:

- Address blending or diversion of racing fuel for highway use

4.7 Nexus Considerations

- Consider enforcement challenges related to remote sellers
- Determine whether backup tax provisions are needed for users

4.8 Sales and Use Tax Considerations

- Determine whether racing fuel is subject to sales or use tax if exempt from motor fuel tax
 - Determine whether motor fuel refunds should be offset by sales or use tax liabilities
-

5. Clear or Dyed Kerosene

When considering the taxation or exempt status of kerosene, jurisdictions should address the following:

5.1 Definition of Kerosene

Kerosene is generally classified similarly to diesel fuel under federal guidelines and follows similar taxation rules, including dyed and undyed distinctions.

5.2 Tax Status

Determine whether kerosene will be treated as taxable or exempt.*5.2.1 Exempt Status*

If kerosene is exempt, determine whether the exemption is based on:

- The product, regardless of use, or
- The use of the product

5.2.2 Taxable Status

If undyed kerosene is taxable, determine whether refund provisions apply for off-highway use.

5.3 Timing of Exemptions

Determine whether exemptions apply at the time of purchase or through a refund process

5.4 Refund Administration

- Determine who may file for refunds (distributor, retailer, or user)
- Establish filing frequency and documentation requirements

5.5 Operational Requirements

- Establish invoice marking requirements
- Establish tank marking and control requirements

5.6 Retail Sales Considerations

Address tax treatment of prepackaged kerosene sold at retail locations

5.7 Enforcement Considerations

- Kerosene may be used in tax evasion schemes under both taxable and exempt structures.
- If taxed at the rack, evasion may occur through refund claims
- If taxed below the rack, evasion risks are similar to other fuels
- Untaxed or untracked kerosene may be diverted to taxable uses
- Procedures should be established to address these risks.

5.8 Dyed Kerosene Treatment

- Dyed kerosene should not automatically be treated as non-taxable
- If used for taxable purposes, backup tax provisions may apply

5.9 Sales and Use Tax Considerations

- Determine whether kerosene is subject to sales or use tax if exempt from motor fuel tax
 - Determine whether refunds should be offset by sales or use tax liabilities
-

6. Exempt Uses and Refunds

When considering exempt uses and refund provisions, jurisdictions should identify how specific transactions and uses of motor fuel will be treated.

6.1 Exports

Exemptions may apply to fuel that is exported. Considerations include:

6.1.1

Motor fuel sold to a licensed exporter

6.1.2

Motor fuel exported by a licensed supplier

6.1.3

Motor fuel sold for immediate export when destination state tax has been paid and supported by documentation

6.1.4

Tax-paid fuel placed in storage within the state and later exported

6.1.5

Tank wagon deliveries exported from a bulk plant

6.2 Specific Exempt Uses

Jurisdictions may consider exemptions for the following uses:

- K-1 kerosene
- Sales to the United States or its agencies

- Diesel fuel used to operate equipment attached to a motor vehicle
- Diesel fuel used for heating, rail transportation, or other non-highway purposes
- Motor fuel used for farming purposes
- Motor fuel used in school buses or state-operated transportation vehicles
- Motor fuel used in commercial fishing operations
- Diesel fuel used by state and local government highway vehicles

6.3 Special Situations

- Diesel fuel that has been accidentally contaminated by dye
- Erroneous tax payments

6.4 Refund Claim Procedures

Jurisdictions should establish procedures addressing:

- General refund claim processes
- Required documentation
- Filing requirements

6.5 Destination State Diversions

Procedures may be needed to address situations where fuel is diverted from its intended destination state.

6.6 Federal Considerations

When developing exemption and refund provisions, jurisdictions should consider applicable federal requirements, including:

- No power take-off exemption (dyed fuel cannot be used)
- State and local governments may use dyed fuel under federal rules
- Federal agencies are generally subject to federal tax and should not use dyed fuel in highway vehicles
- Highway vehicles must use taxed fuel regardless of use
- Vessels are exempt from federal diesel fuel taxes and may use dyed fuel
- Federal refund provisions for qualifying entities
- Treatment of kerosene as a form of diesel fuel for federal tax purposes
- Aviation fuel exemptions for qualifying entities

6.7 Third Party Credit Card Transactions

Third-party credit card companies (not owned by oil companies) may require specific legislative consideration.

6.7.1 Administrative Considerations

- Registration or licensing requirements
- Bonding requirements
- Enforcement and audit procedures

6.7.2 Reporting Requirements

- Establish a unique retail identification number
- Require reporting of fuel volume and type by retail location

6.7.3 Refund Administration

- Determine eligibility to file refund claims
- Determine to whom refunds will be paid

- Establish refund processes

6.7.4 Additional Considerations

- Determine whether ownership of fuel is required to claim refunds
 - Allow exemptions for eligible governmental entities
-

7. Licensing and Bonding Requirements

Effective licensing and bonding of motor fuel taxpayers helps ensure financial responsibility and protects tax revenues. These measures assist in identifying potential compliance risks and provide safeguards for tax liabilities.

Jurisdictions may consider licensing all persons engaged in motor fuel activities within the state.

7.1 License Types

The following license types may be considered:

- Supplier
- Permissive supplier
- Terminal operator
- Exporter
- Carrier
- Importer
- Tank wagon operator/importer
- Fuel vendor or retail dealer

7.2 General Licensing Requirements

Jurisdictions should consider the following when establishing licensing requirements:

- License application forms
- Background investigation of applicants
- Application fees
- License denial and hearing procedures
- License duration (fixed term or until suspended, revoked, or cancelled)
- Nontransferability of licenses
- License display requirements
- License surrender upon discontinuance of business
- Publication and distribution of license listings

7.3 Bonding Requirements

Surety bonds provide protection against revenue loss resulting from noncompliance, bankruptcy, or tax evasion.

Jurisdictions should consider the following bonding provisions:

7.3.1 Bond Structure

- Bond amount requirements
- Approval of surety providers

- Identification of principal and obligor
- Use of approved bond forms

7.3.2 Bond Adjustments

- Adjustments when liability is reduced or discharged
- Replacement of bonds when a surety becomes unsatisfactory

7.3.3 Alternative Security

- Allowance for cash deposits
- Use of irrevocable letters of credit in place of surety bonds

7.3.4 Additional Considerations

- Prior filing, payment, and audit history of the taxpayer
- Conditions for release of existing bonds

7.4 Bankruptcy Considerations

Jurisdictions should be aware that, under federal bankruptcy law, most forms of security (except third-party surety bonds) may be subject to court control. This may limit recovery of outstanding tax liabilities.

8. Fuel Tax Fraud Penalties

Motor fuel tax fraud penalties should be sufficient to deter noncompliance while allowing flexibility for situations involving unintentional errors. Strong and enforceable penalty provisions support effective prosecution and compliance efforts.

8.1 General Considerations

Jurisdictions may consider strengthening both criminal and civil penalties related to motor fuel tax violations.

8.2 Criminal Penalties

Consider establishing or strengthening criminal penalties for the following:

8.2.1 Seizure Authority

- Seizure of fuel and property used in illegal operations

8.2.2 Personal Liability

- Personal liability for company officers involved in willful tax evasion

8.2.3 Trust Fund Provisions

- Treating collected fuel taxes as trust funds
- Establishing failure to remit as a felony offense

8.2.4 Additional Offenses

- Meter tampering or attempts to bypass metering systems
- Willful nonpayment of fuel taxes
- Illegal collection of fuel taxes
- Illegal importation of fuel

- Conversion of fuel tax funds for personal use
- Importing fuel with intent to evade taxes
- Failure to properly dye fuel intended to be non-taxable
- Removal of dye from fuel

8.3 Other Violations

Jurisdictions may also consider penalties for:

Maintaining false or fraudulent records

Refusal to permit authorized inspections or seizures

Transporting fuel without required documentation

8.4 Civil Penalties

Strengthen penalties for failure to file required reports

Apply penalties to bulk users, jobbers, distributors, exporters, and resellers

9. Enforcement

A comprehensive motor fuel tax audit program, supported by appropriate laws, is necessary but not sufficient on its own to address tax evasion. Effective enforcement requires additional measures, including investigation, surveillance, and coordination across jurisdictions.

Tax evasion may involve falsified records, unreported transactions, or misrepresentation of fuel movements. Detection of these activities requires consistent enforcement practices and adequate resources.

9.1 General Enforcement Considerations

Jurisdictions may consider establishing enforcement programs that include:

- Monitoring fuel movements between jurisdictions
- Cross-checking interstate deliveries
- Identifying discrepancies in reporting
- Providing mechanisms for reporting suspected tax evasion (for example, a hotline)

9.2 Investigative and Enforcement Authority

- Establish a fuel tax investigative unit dedicated to enforcement activities
- Provide enforcement personnel with appropriate authority, including police powers where applicable
- Ensure personnel have the equipment and resources necessary to carry out enforcement responsibilities

9.3 Shipping and Documentation Requirements

- Strengthen requirements for shipping documents
- Require transporters to carry documentation (such as bills of lading or manifests) during transport
- Allow inspection of documentation by authorized personnel

9.4 Additional Enforcement Measures

Jurisdictions may consider the following measures to reduce motor fuel tax evasion:

- Strengthening licensing controls
 - Increasing audit staffing
 - Clearly defining the point of taxation
 - Requiring balanced inventory reporting
 - Promoting information sharing between states
 - Cross-checking data among suppliers, distributors, and other licensees
 - Implementing relevant elements of the Uniformity 11-Point Plan
-

10. Records, Reports, and Payment

Tracking the movement of motor fuel from the terminal to its final destination is an important component of fuel tax administration. Documentation such as bills of lading and delivery manifests provides information needed to verify fuel movements and tax liability.

Inadequate or delayed reporting may create opportunities for tax evasion. Timely reporting, accurate tax payments, and effective verification processes support compliance and enforcement efforts.

10.1 Documentation Requirements

Jurisdictions may require specific information on bills of lading and delivery manifests, including:

- Address of the terminal or bulk plant
- Date of removal
- Type of motor fuel
- Quantity of fuel
- Destination state as represented by the purchaser or transporter

10.2 Transport Documentation

- Bills of lading and driver manifests should accompany each fuel delivery
- Documentation should be available for inspection by authorized personnel

10.3 Record Retention

Licensees should retain records for a period sufficient to support audit requirements

10.4 Reporting Requirements

- Adopt uniform reporting forms for fuel movement and taxation
- Require accurate and timely reporting of transactions

10.5 Electronic Reporting

- Allow or require electronic reporting systems
- Consider adoption of ANSI ASC X12 standards for electronic data exchange

10.6 Payment and Verification

- Require timely payment of tax liabilities
- Establish processes to verify reported transactions and payments

- Use electronic systems, where applicable, to improve efficiency and accuracy
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11. Import/Export Cross Border Issues

When enacting changes to fuel tax statutes, jurisdictions should consider how definitions, reporting requirements, and tax treatment of imports and exports will impact both in-state taxpayers and neighboring jurisdictions. promote consistent treatment of taxpayers operating across multiple jurisdictions.

11.1 Rack State Considerations

When tax is imposed at the terminal rack, jurisdictions should evaluate the following:

11.1.1 In-State Position Holders/Suppliers

If in-state position holders or suppliers are required to collect tax based on out-of-state destinations:

- Suppliers may need to register and file in neighboring states
- Tax-paid purchases in neighboring states may increase
- Neighboring state laws may prohibit pre-collection of tax, potentially creating double taxation
- Tax-paid purchases may reduce tracking and matching capabilities
- Additional mechanisms may be needed to collect local taxes in neighboring jurisdictions
- Taxpayers may be placed in an overpaid position, requiring refund processing
- Exporters may need to register and report destination state tax-paid withdrawals
- Differences in taxability between states (for example, kerosene) should be addressed

11.1.2 Out-of-State Position Holders/Suppliers

If out-of-state position holders or suppliers are required to collect tax based on in-state destinations:

- Registration of out-of-state entities may be required
- Some entities may not have nexus and may not be required to register
- Voluntary compliance may be necessary in certain cases
- Processes should be established to track imported gallons, including licensing, reporting, and bonding requirements

11.2 General Cross-Border Considerations

Applicable regardless of the point of taxation:

- Establish mechanisms to exchange data with neighboring jurisdictions
 - Require destination state information on bills of lading and invoices
 - Require tax to be separately stated and the applicable state identified findings. Clear authority supports coordinated enforcement while reducing inconsistent outcomes.
-

12. Refunds and Credits for Bad Debts

When jurisdictions implement changes to the point of taxation, particularly at the terminal rack, suppliers may assume increased responsibility for tax collection. In some cases, taxes may become uncollectible due to customer nonpayment or bankruptcy.

Jurisdictions may consider provisions that allow suppliers to claim a refund or credit for bad debts to reduce financial risk.

12.1 Bad Debt Relief

Jurisdictions may establish provisions allowing suppliers to:

- Claim a credit on a tax return, or
- File a refund claim for uncollectible tax amounts

12.2 Documentation Requirements

Regulations may specify the documentation required to support a bad debt claim, including evidence that:

- The tax was previously reported and remitted
- The debt is uncollectible
- Reasonable collection efforts were made

12.3 Bonding Considerations

Bonding requirements established at the time of licensing may provide protection to the jurisdiction in cases of nonpayment or default.

12.4 Administrative Considerations

Jurisdictions may consider:

- Whether credits or refunds are the preferred method of relief
- Procedures for filing and processing claims
- Establishing criteria for determining when a debt is considered uncollectible

12.5 Additional Considerations

- Handling allowances for tax collectors to offset administrative costs
 - Interaction with bankruptcy proceedings and recovery limitations
-

13. License Listing

Jurisdictions may maintain and distribute a listing of licensed entities involved in motor fuel activities. These listings support compliance efforts by allowing licensees to verify the status of other entities.

13.1 License Listing Requirements

A license listing may include:

- Suppliers
- Distributors
- Wholesalers
- Importers
- Exporters
- Retail dealers
- Motor fuel carriers
- Pipeline terminal operators

13.2 Information Included

Listings may include:

- Company name
- Street address
- City, state, and zip code
- Federal Employer Identification Number (FEIN)
- License number
- Federal terminal code (if applicable)

13.3 Distribution and Updates

- Listings should be distributed to licensees on a regular basis
- Listings may be provided annually, with periodic updates
- Updates may include new licenses, cancellations, suspensions, or revocations
- Updates should clearly identify changes since the previous listing

13.4 Confidentiality Considerations

- Jurisdictions should determine whether license listings are confidential
 - If confidential, legislation may be required to allow distribution to licensees
 - Consider whether listings may be made available electronically
-

14. Alternative Fuels

Alternative fuels generally include fuels other than gasoline, gasohol, diesel, or kerosene. Jurisdictions should consider how alternative fuels will be defined, taxed, and administered within existing motor fuel tax structures.

14.1 Taxpayer Options

When addressing alternative fuels, jurisdictions determine the appropriate point of taxation.

14.1.1 Wholesale Level

A jurisdiction may license and/or bond alternative fuel dealers making sales to retailers or end users.

14.1.2 Retail or User Level

Tax may be imposed on the party placing alternative fuel into a vehicle for highway use.

Fuel may be sold tax-free between licensees, with the end user becoming the taxpayer.

14.1.3 Registration Fee

Instead of taxation, a jurisdiction may impose a registration fee, such as a decal or license fee, when a vehicle is registered.

14.2 Collection and Payment of Tax or Fees

The selected point of taxation or fee collection determines who is responsible for remitting tax or fees.

Jurisdictions may consider:

- Collection of funds held in trust
- Cross-border fuel movements

- Bad debt allowances
- Collection or handling allowances
- Treatment of exempt entities
- Refund provisions
- Conversion rates, including IFTA considerations

14.3 Exempt Uses and Refunds

Jurisdictions may consider exemptions or refunds for the following:

- United States government
- State and local governments
- Other states and political subdivisions
- Non-profit organizations
- Farming operations
- Heating or other non-highway uses
- School buses
- Local or intercity buses
- Exports
- Erroneous payments

14.4 Refund Administration

Jurisdictions should establish procedures addressing:

- General refund claim processes
- Required documentation
- Filing requirements
- Interest on refunds
- Penalties or interest on over-refunded amounts

14.5 Licensing and Bonding Requirements

Licensing and bonding provisions for alternative fuel taxpayers should be considered to ensure financial responsibility and compliance.

14.5.1 License Types

- Alternative fuel provider or dealer
- Retailer or fuel vendor
- Bulk-end user

14.5.2 Licensing Requirements

- Application forms and instructions
- Background investigations
- Application fees
- License denial and hearing procedures
- License duration
- Nontransferability of licenses
- Display requirements
- License surrender requirements
- Publication of license listings

14.5.3 Bonding Requirements

- Bond amount requirements
- Approval of surety providers
- Approved bond forms

- Bond adjustments based on liability
- Replacement of unsatisfactory surety
- Use of alternative security (cash or letter of credit)
- Consideration of taxpayer compliance history

14.6 Fuel Tax Fraud Penalties

Fuel tax fraud penalties applicable to alternative fuels may align with general penalty provisions.
(See Section 8)

14.7 Enforcement

Enforcement provisions applicable to alternative fuels may align with general enforcement provisions.
(See Section 9)

14.8 Refunds and Credits for Bad Debts

Jurisdictions should determine whether refunds or credits will be allowed for uncollectible taxes related to alternative fuels.

Considerations include:

- Deferred tax collection
- Handling allowances
- Refund or credit claim procedures
- Determination of uncollectible status
- Allocation of product and tax
- Recapture provisions

14.9 License Listing

Jurisdictions may determine whether alternative fuel license listings will be maintained and distributed.

Listings may include:

- Account number
- Legal name
- Trade name
- Address
- License type
- FEIN (if applicable)
- Effective date
- Closed date
- Updates or changes

Confidentiality considerations should be addressed, including whether listings may be shared or published.

14.10 Reduced Tax Rates

Jurisdictions may consider reduced tax rates for certain fuels or uses.

14.10.1 Potential Risks

- Fuel purchased at a reduced rate may later be used for taxable purposes
- Fuel may be further blended and sold at a higher rate

14.10.2 Administrative Considerations

- Use of credits or refunds to ensure proper tax treatment
- Procedures to address rate changes and compliance

14.11 Conversion Rates

When taxing fuels such as compressed natural gas (CNG), liquefied natural gas (LNG), or other alternative fuels, jurisdictions may use applicable federal conversion rates.

15. Two Party Exchanges

A two-party exchange is a transaction in which petroleum product is transferred from one supplier to another pursuant to an exchange agreement.

An exchange agreement is an arrangement between terminal suppliers where one supplier delivers fuel to another supplier or that supplier's customer at the terminal rack. The transaction is later balanced through product exchanges at another location and recorded by the terminal operator.

15.1 General Description

In a typical exchange:

- One supplier holds inventory at a terminal
- Another supplier has a customer at that terminal but does not hold inventory there
- The inventory-holding supplier delivers fuel on behalf of the other supplier
- The transaction is later offset through a corresponding exchange at another location

15.2 Point of Taxation Considerations

Jurisdictions should evaluate how two-party exchanges interact with the selected point of taxation.

15.2.1 Tax at the Terminal Rack

If tax is imposed at the terminal rack, consider:

- Position holder responsibility (owner of the inventory at the terminal)
- Modified position holder scenarios (exchange receiver assumes responsibility)
- First receiver scenarios (party physically receiving the fuel remits tax, if licensed)

15.2.2 Tax Below the Rack

If tax is imposed below the rack, consider:

- Distributor or wholesale-level taxation
- Retail-level taxation
- Importation-based taxation

Jurisdictions should also consider:

- The number of permitted pass-through transactions
- Whether two-party exchanges affect pass-through limits
- Whether intermediate parties are aware of tax liability

15.3 Exchange "Stacking"

Jurisdictions may encounter multiple exchange agreements involving the same product movement.

Considerations include:

- How multiple exchanges are treated for a single transaction
- Whether multiple exchanges affect tax reporting or liability

15.4 Tracking and Cross-Matching

Jurisdictions should consider whether exchange transactions can be accurately tracked.

Key considerations include:

- Ability to match disbursement and receipt records
- Ability to track fuel through multiple exchanges
- Preservation of product identity and documentation
- Accuracy of terminal reporting
- Identification of the correct supplier of record

Terminal-issued documents should reflect the exchange receiver as the supplier of record rather than the position holder.

15.5 Enforcement and Audit Considerations

Jurisdictions should consider:

- Whether transactions represent true exchanges or sales
- When title to the fuel transfers between parties
- Whether possession transfers directly to the end customer
- Whether all parties properly report the transaction
- Whether sufficient supporting documentation is maintained

15.6 Cross-Border Considerations

- If fuel is exported to a jurisdiction that taxes at the rack, ensure proper tax collection and remittance
 - Consider how exchange transactions affect interstate reporting and compliance
-

16. Minimizing Fuel Disruptions

Jurisdictions should consider procedures to address fuel supply disruptions during declared emergencies or natural disasters. Additional guidance may be found in the applicable white paper documents.

Emergency / Disaster Readiness Checklist

When developing an emergency readiness plan, jurisdictions should consider a range of potential scenarios, including weather events, infrastructure disruptions, and other emergencies.

16.1 Alternative Work Arrangements

- Use of alternate state office locations
- Remote work capabilities
- Adjusted work schedules

16.2 Hardware Needs

- Computers
- Printers

- Telephones
- Fax machines
- Calculators
- Imaging or scanning equipment

16.3 System Considerations

- System backups and storage locations
- Access to processing systems
- Deposit and refund processing systems
- Electronic filing and payment systems
- Secure storage of passwords and login information

16.4 Software Access

- Network file access
- Word processing software
- Spreadsheet software
- Email systems
- Database systems
- Internet and intranet access
- Access to statutes, rules, and procedural materials

16.5 Critical Processes and Tasks

- Identify minimum processing requirements and priorities
 - Deposit processing
 - Licensing
 - Payment processing
 - Refund processing
 - Return processing
- Determine impacts if critical tasks are not completed
- Establish requirements for filing during emergencies, including due dates and penalty considerations
- Identify minimum IFTA and regulatory requirements for fuel transport

16.6 Emergency Notification

- Identify stakeholders
 - Media
 - Employees
 - State agencies
 - Other states
 - Federal agencies
 - Industry representatives
 - Vendors and contractors
- Establish communication methods, including employee call trees and website updates

16.7 Evacuation Planning

- Develop evacuation procedures
- Identify employee meeting locations
- Establish methods to account for all personnel
- Consider accommodation for employees with special needs
- Conduct periodic drills

16.8 Additional Considerations

- Employee safety
- Emergency contact information
- First aid supplies
- Emergency equipment (flashlights, batteries, radios)
- Communication plans
- Chain of command
- Ability to isolate facilities if necessary

16.9 Disaster Recovery and Business Resumption

- Develop plans to restore operations
 - Identify resources needed to resume services
 - Establish procedures for reopening operations
 - Conduct testing or simulation exercises
-

MODEL REGISTRATION FORMS

Motor Fuels and Alternative Fuels Tax License Registration Information (State's Name)

Purpose

The registration application enables the states to properly register an applicant for a motor fuels or alternative fuels license and identifies the responsible parties of the business. Information gathered may be used to determine the bond amount for the license type, if applicable. This application form is intended as a guide for each state when updating the motor fuels application. States with motor fuel or alternative fuel license types, other than those listed below, will need to add those license types to their application. States may need to modify the instructions or questions based on that state's requirements. This application is not intended as the only source for gathering information for licensing and bonding purposes.

Who Must Apply

Companies engaged in the fuel distribution business may be required to file an application for license. Refer to the laws of the state(s) in which the company does business. This application covers registration information for the following license types: Refiner, Terminal Operator, Supplier, Distributor, Special Fuels Supplier, Importer, Exporter, Retailer, Blender, Alternative Fuels Provider, and Transporter. Each state should identify its required licenses in this section.

Examples

Refiner - Any person who owns, operates or controls a refinery.

If a bond is required of this license type, each state should identify the bonding requirements for this license type here.

Terminal Operator - A person who owns, operates or controls a terminal.

If a bond is required of this license type, each state should identify the bonding requirements for this license type here.

Supplier - Any person required to collect and remit tax on accountable product removed from a terminal/refinery rack.

If a bond is required of this license type, each state should identify the bonding requirements for this license type here.

Distributor/Wholesaler - A person who either produces, refines, blends, compounds, or Manufactures motor fuel, transports fuel into a state (imports) or exports fuel out of state, or who is engaged in distribution of motor fuel primarily by tank car or tank truck, or both, and who operates a bulk plant where he has active motor fuel bulk storage (capacity may be specified by individual state). It does not, however, include a person who receives or transports into this state and sells or uses motor fuel under such circumstances as preclude the collection of the tax herein imposed, by reason of the provisions of the Constitution and Statues of the United States.

Furthermore, a person operating a motor vehicle into the state, may transport motor fuel in the ordinary fuel tank attached to the motor fuel vehicle, and used for the operation of the motor vehicle, without being considered a distributor.

If a bond is required of this license type, each state should identify the bonding requirements for this license type here.

Special Fuels Supplier - A person who does one or more of the following:

1. Acquires accountable product/motor fuel other than gasoline, gasohol, or alternative fuels for sale or delivery to an and user.
2. Who maintains an inventory of fuel, part of which the person uses or sells to someone other than the end user.
3. Imports into the state, by means of other than the usual tank or receptacle connected with the engine of a motor vehicle, for use by that person.

If a bond is required of this license type, each state should identify the bonding requirements for this license type here.

Importer - Any person engaged in the practice of importing accountable product/motor fuel. Accountable product/motor fuel delivered into (name of state) from out-of-state by or for the seller constitutes an import by the seller. Accountable product/motor fuel delivered into (name of state) from out-of-state by or for the purchaser constitutes an import by the purchaser. Each state should list and explain the types of importer licenses.

If a bond is required of this license type, each state should identify the bonding requirements for this license type here.

Exporter - Any person engaged in the practice of exporting accountable product/motor fuel. Accountable product/motor fuel delivered out-of-state by or for the seller constitutes an export By the seller. Accountable product/motor fuel delivered out-of-state by or for the purchaser constitutes an export by the purchaser. Each state should list and explain the types of exporter licenses.

If a bond is required of this license type, each state should identify the bonding requirements for this license type here.

Retailer - Any person who operates any location from which motor fuel is sold to an end user by direct delivery into fuel supply tanks.

If a bond is required of this license type, each state should identify the bonding requirements for this license type here.

Blender - Any person who engages in the process of mixing together by any process whatsoever, of any one or more products with other products, and regardless of the original character of the products so blended, provided the resultant product so obtained is suitable or practicable for use as a motor fuel, except such blending as may occur in the process known as refining by the original refiner of crude petroleum. The commingling of products during transportation in a pipeline is not considered blending.

If a bond is required of this license type, each state should identify the bonding requirements for this license type here.

Alternative Fuels Provider - Any person who does one or more of the following:

1. Acquires alternative fuel for sale or delivery to a bulk-end user or a retailer.
2. Maintains storage facilities for alternative fuel, part or all of which the person uses or sells to someone other than a bulk-end user or a retailer to operate a highway vehicle.
3. Sells alternative fuel and uses part of the fuel acquired for sale to operate a highway vehicle by means of a fuel supply line from the cargo tank of the vehicle to the engine of the vehicle.
4. Imports alternative fuel to the state, by means other than the usual tank or receptacle connected with the engine of a highway vehicle, for use by that person to operate a highway vehicle.

If a bond is required of this license type, each state should identify the bonding requirements for this license type here.

Transporter - Any person who engages in the business of transporting for hire, reportable Petroleum products by pipeline, marine vessel, railroad tank car, or transport truck.

If a bond is required of this license type, each state should identify the bonding requirements for this license type here.

Registration Application
Motor Fuel Tax License
(State's Name)

Part I. Identifying Information

1. Type of Ownership: Proprietorship C Corp. S Corp. LLC Partnership LLP Fiduciary Other(Identify)

If a corporation or LLC, State of Incorporation: _____ Date _____ Corporate or LLC Number: _____

Attach copy of Articles of Incorporation, LLC Operating Agreement, Charter or Certificate of Authority To Do Business

2. Legal Name

3. Trade Name (DBA Name)

Business Location: Street _____
(Not P.O. Box Number) City State Zip Code

5. Preparer Mailing Address: Name _____
Street or P.O. Box _____
City State Zip _____
Code _____
E-Mail Address _____

6. MAILING Street or P.O. Box _____
ADDRESS: City State Zip Code

7. E-Mail Address: _____

8. Location of Records: Street _____
City State Zip Code

9. Licensing Contract: Name _____
Telephone Number Fax Number

10. Filing Contract: Name _____
Telephone Number Fax Number

11. FEDERAL EMPLOYER'S IDENTIFICATION NUMBER (FEIN): _____ - _____

Part II. Ownership Information

Each corporate officer, principal, manager, partner or owner must complete the information requested if below.

needed, attach additional sheet(s) to provide the information requested in this application.

(Mark applicable box for title) <input type="checkbox"/> President <input type="checkbox"/> Manager <input type="checkbox"/> Member <input type="checkbox"/> Partner Owner	
1. Full Name (<i>first, middle, last</i>)	
2. Residence Address (<i>street address, city, state and zip code</i>)	
3. Telephone (<i>residence</i>) ()	4. Telephone (<i>business</i>) ()
5. Social Security Number □ □ □ - □ □ - □ □ □ □	6. Driver's License Number & State

I certify that the information contained on Lines 1 through 6 is correct to the best of my knowledge.

7. Signature (<i>Recommended for companies not publicly traded</i>)

(Mark applicable box for title) <input type="checkbox"/> President <input type="checkbox"/> Manager <input type="checkbox"/> Member <input type="checkbox"/> Partner Owner	
8. Full Name (<i>first, middle, last</i>)	
9. Residence Address (<i>street address, city, state and zip code</i>)	
10. Telephone (<i>residence</i>) ()	11. Telephone (<i>business</i>) ()
12. Social Security Number □ □ □ - □ □ - □ □ □ □	13. Driver's License Number & State

(Mark applicable box for title) <input type="checkbox"/> President <input type="checkbox"/> Manager <input type="checkbox"/> Member <input type="checkbox"/> Partner Owner	
14. Full Name (<i>first, middle, last</i>)	
15. Residence Address (<i>street address, city, state and zip code</i>)	
16. Telephone (<i>residence</i>) ()	17. Telephone (<i>business</i>) ()
18. Social Security Number □ □ □ - □ □ - □ □ □ □	19. Driver's License Number & State

(Mark applicable box for title) <input type="checkbox"/> President <input type="checkbox"/> Manager <input type="checkbox"/> Member <input type="checkbox"/> Partner Owner	
20. Full Name (<i>first, middle, last</i>)	
21. Residence Address (<i>street address, city, state and zip code</i>)	
22. Telephone (<i>residence</i>) ()	23. Telephone (<i>business</i>) ()
24. Social Security Number □ □ □ - □ □ - □ □ □ □	25. Driver's License Number & State
26. List full name of directors. (Attach additional sheets if necessary)	Address (mailing address, city, state, zip)
27. List full name of shareholders with controlling interest in corporation	.* Address (mailing address, city, state, zip)

If there are 15 or less shareholders, all shareholders have a controlling interest. If there are more than 15 shareholders, shareholders with 5% or more ownership have a controlling interest.

28. Has the corporation, LLC, LLP, partnership, or any officers, members, controlling shareholders of the corporation or owners of the business been convicted of any felony or misdemeanor involving motor fuel?

Yes No **(If yes, please explain)**

29. Name of bank or financial Institution which you will use to pay the motor fuels Name _____ Account Number _____
Street or P.O. Box _____

tax: _____
City _____ State _____ Zip Code _____
Telephone Number _____ Fax Number _____

30. Other business licenses or permits held by the corporation, LLC, partnership, or proprietorship.

31. If your business is based in another state, list name, address, telephone number, and fax number of this state's registered agent.

Name _____
Street or P.O. Box _____
City _____ State _____ Zip Code _____
Telephone Number _____ Fax Number _____

32. Indicate the states in which you do business

33. Date business started in this state for which a license is requested. ____ / ____ / ____

34. Has the corporation, LLC, LLP, partnership or proprietorship now or in the past conducted any other business using a DBA?

Yes No **(If yes, please explain)**

35. Does the corporation, LLC, LLP, partnership, or proprietorship own any property in this state?

Yes No **(If yes, please explain)**

36. Does any officer, director, member, controlling shareholder, partner, or owner own or control any petroleum business which operates in this state or any other state? (e.g., other refiners, suppliers, distributors, transportation company, retail outlets, terminal operations, etc.)

Yes No **(If yes, please explain)**

37. Does any officer, director, member, controlling shareholder, partner, or owner own or control any petroleum transport equipment which operates in this state or any other state?

Yes No **(If yes, please explain)**

38. List any current or previous officer, director, member, controlling shareholder, partner, or sole proprietor of any entity who holds or has held, within the last seven years, a (state's name) motor fuel license.

Please provide the information requested to the right for each person listed.

State	Account Number	Relationship to account holder
-------	----------------	--------------------------------

39. If business was acquired, from whom was it acquired?

List type of fuel and number of gallons in the storage tanks at the time of purchase. *(Attach additional sheets, if necessary.)*

State	Account Number	Relationship to account holder
-------	----------------	--------------------------------

Business Operations Information

Refiner License List federal (637) Number (If applicable): _____ / _____ / _____

List the type of license for which you are applying. Complete the section(s) below for license type requested. (See instructions.)

Yes No

1. Do you have any petroleum product refining capabilities? List each state.

2. List the locations of all refineries in this state from which you intend to refine petroleum products.
(Attach additional sheets if necessary.) _____

3. Estimated monthly gallons of refined petroleum products disbursed from in-state refineries only.

Gasoline _____ High Sulfur _____ Methanol _____

Kerosene

Low Sulfur _____ Jet Fuel _____ Alcohol _____

Diesel

High Sulfur _____ Aviation _____ Propane _____
Diesel Gasoline

Low Sulfur _____ Ethanol _____
Kerosene

Yes No

4. Do you lease storage facilities in a terminal in this state?

5. From whom and where do you lease the storage facilities? (Attach additional sheets if necessary.)

Yes No

6. Do you plan to import petroleum products into this state?

7. Indicate the type of petroleum products imported into this state?

Gasoline Low Sulfur Kerosene Aviation Gasoline Alcohol
 Low Sulfur Diesel High Sulfur Kerosene Ethanol Propane
 High Sulfur Diesel Jet Fuel Methanol

8. Indicate the means of transport for this imported product.

Seagoing Vessel/Barge Transport Truck Tankwagon Truck
 Pipeline Railroad Tank Car Other – Describe _____

9. List the states from which you import petroleum products and your license number in that state.
(Attach additional sheets if necessary.) _____

Yes No

10. Do you plan to export petroleum products out of state?

11. Indicate the type of petroleum products exported from this state?

Gasoline Low Sulfur Kerosene Aviation Gasoline Alcohol
 Low Sulfur Diesel High Sulfur Ethanol Propane
 High Sulfur Diesel Jet Fuel Methanol

Terminal Operator License List federal (637) Number (if applicable): _____ / _____ / _____

Yes No 12. Do you own or operate a terminal in this state?

Yes No 13. Do you own or operate a terminal in another state from which petroleum products are delivered to this state?

14. List the location, along with the federal terminal control number, for each terminal selling petroleum product with this state's destination. (Attach additional sheets, if necessary.)

15. List all position holders/suppliers owning product in your terminal(s). (Attach additional sheets, if necessary.)

16. Indicate the type of petroleum products exported from this state?

- | | | | |
|---|---|--|----------------------------------|
| <input type="checkbox"/> Gasoline | <input type="checkbox"/> Low Sulfur Kerosene | <input type="checkbox"/> Aviation Gasoline | <input type="checkbox"/> Alcohol |
| <input type="checkbox"/> Low Sulfur Diesel | <input type="checkbox"/> High Sulfur Kerosene | <input type="checkbox"/> Ethanol | <input type="checkbox"/> Propane |
| <input type="checkbox"/> High Sulfur Diesel | <input type="checkbox"/> Jet Fuel | <input type="checkbox"/> Methanol | |

Supplier License List federal (637) Number (if applicable): _____ / _____ / _____

Yes No 17. Do you lease facilities in a terminal in this state.

18. From whom and where do you lease the storage facilities? (Attach additional sheets if necessary.)

Yes No 19. Do you plan to import petroleum products into this state?

20. Indicate the type of petroleum products imported into this state.

- | | | | |
|---|---|--|----------------------------------|
| <input type="checkbox"/> Gasoline | <input type="checkbox"/> Low Sulfur Kerosene | <input type="checkbox"/> Aviation Gasoline | <input type="checkbox"/> Alcohol |
| <input type="checkbox"/> Low Sulfur Diesel | <input type="checkbox"/> High Sulfur Kerosene | <input type="checkbox"/> Ethanol | <input type="checkbox"/> Propane |
| <input type="checkbox"/> High Sulfur Diesel | <input type="checkbox"/> Jet Fuel | <input type="checkbox"/> Methanol | |

21. Indicate the means of transport for this imported product.

- | | | |
|--|--|---|
| <input type="checkbox"/> Seagoing Vessel/Barge | <input type="checkbox"/> Transport Truck | <input type="checkbox"/> Tankwagon Truck |
| <input type="checkbox"/> Pipeline | <input type="checkbox"/> Railroad Tank Car | <input type="checkbox"/> Other - Describe _____ |

22. List the states from which you import petroleum products and your license number in these states. (Attach additional sheets if necessary.)

23. Estimate the number of taxable gallons that will be sold or used in this state during an average month.

Gasoline _____ High Sulfur _____ Methanol _____
Kerosene _____

Low Sulfur _____ Jet Fuel _____ Alcohol _____
 Diesel _____

High Sulfur _____ Aviation _____ Propane _____
 Diesel _____ Gasoline _____

Low Sulfur _____ Ethanol _____
 Kerosene _____

Yes No

24. Do you plan to export petroleum products out of this state?

25. Indicate the type of petroleum products exported into this state.

- Gasoline Low Sulfur Kerosene Aviation Gasoline Alcohol
 Low Sulfur Diesel High Sulfur Kerosene Ethanol Propane
 High Sulfur Diesel Jet Fuel Methanol

26. Indicate the means of transport for the exported product.

- Seagoing Vessel/Barge Transport Truck Tankwagon Truck
 Pipeline Railroad Tank Car Other – Describe _____

27. List the states from which you exported petroleum products and your license number in these states.
 (Attach additional sheets if necessary.)

Yes No

28. Are you a shipper of record on one of the commercial pipelines serving this state?

29. What other types of motor fuel operations will you be engaged in?

- Exchanges Direct shipments Other (describe) _____
 Sales on consignment Sell petroleum products
 Operate service stations Trade petroleum products

30. Provide the following information about suppliers from whom you purchase motor fuels and exchange partners from whom you receive motor fuels. (Attach additional sheets if necessary.)

Name	Supplier exchange partner	Shipping/Delivery Point	Product
_____	<input type="checkbox"/> <input type="checkbox"/>	_____	_____
_____	<input type="checkbox"/> <input type="checkbox"/>	_____	_____

Supplier election (Tax at the Rack)

Suppliers may elect to collect this state’s excise tax on imported fuel from out-of-state terminals. Once this election is made, suppliers must collect excise taxes on all reportable petroleum products removed from out-of-state terminals which reflect this state as the destination state on the shipping documents.

31. Indicate the type of supplier license you are requesting.

Elective Supplier is required to be licensed in this state and elects to collect motor fuel excise tax on fuel imported from out-of-state terminals that have this state as its destination.

Permissive Supplier is an out-of-state supplier that is not required to be licensed in this state but elects to be licensed and collect motor fuel excise tax on fuel imported from out-of-state terminals that have this state as its destination.

Yes No

45. Are you a shipper of record on one of the commercial pipelines serving this state?

46. What other types of operations will you be engaged in?

- Exchanges Direct shipments Other (describe) _____
- Sales on consignment Sell petroleum products
- Operate service stations Trade petroleum products

47. Provide the following information about suppliers from whom you purchase motor fuels and exchange partners from whom you receive motor fuels. **(Attach additional sheets if necessary.)**

Name	Supplier exchange partner	Shipping/Delivery Point	Product
_____	<input type="checkbox"/> <input type="checkbox"/>	_____	_____
_____	<input type="checkbox"/> <input type="checkbox"/>	_____	_____

Importer License List Federal Registration (637) Number (If applicable): _____ / _____ / _____

48. List the states from which you import accountable product/motor fuel and the motor fuels license numbers in those states. _____

Yes No

49. Do you maintain bulk storage facilities in this state?

50. Where will your bulk storage be located? _____
51. Fuel Storage Capacity: Above Ground _____ Below Ground _____

52. If no bulk storage facility is owned, explain storage arrangements. _____

Yes No

53. Do you plan to import petroleum products into this state from a supplier not licensed in this state?

Yes No

54. Do you plan to import racing fuel into this state from a supplier not licensed in this state?

Yes No

55. Do you plan to import petroleum products into this state from your bulk plant located in another state?

56. Indicate the type of petroleum products imported into this state.

- Gasoline Low Sulfur Kerosene Aviation Gasoline Alcohol
- Low Sulfur Diesel High Sulfur Kerosene Ethanol Propane
- High Sulfur Diesel Jet Fuel Methanol

57. Indicate the means of transport for the imported product.

- Seagoing Vessel/Barge Transport Truck Tankwagon Truck
- Pipeline Railroad Tank Car Other - Describe _____

58. List the states from which you import petroleum products and your license number in those states. **(Attach additional sheets if necessary.)**

59. Estimate the number of taxable gallons that will be sold or used in this state during an average month.
Gasoline _____ High Sulfur _____ Methanol _____
Kerosene _____

Low Sulfur _____ Jet Fuel _____ Alcohol _____
Diesel _____

High Sulfur _____ Aviation _____ Propane _____
Diesel _____ Gasoline _____

Low Sulfur _____ Ethanol _____
Kerosene _____

Yes No

60. Do you plan to export petroleum products out of this state?

61. Indicate the type of petroleum products exported out of this state.

- Gasoline Low Sulfur Kerosene Aviation Gasoline Alcohol
 Low Sulfur Diesel High Sulfur Kerosene Ethanol Propane
 High Sulfur Diesel Jet Fuel Methanol

62. Indicate the means of transport for the exported product.

- Seagoing Vessel/Barge Transport Truck Tankwagon Truck
 Pipeline Railroad Tank Car Other – Describe _____

63. List the states to which you import petroleum products and your license number in those states.
(Attach additional sheets if necessary.)

Yes No

64. Are you a shipper of record on one of the commercial pipelines serving this state? _____

65. What other types of motor fuel operations will you be engaged in?

- Exchanges Direct shipments Other (describe) _____
 Sales on consignment Sell petroleum products
 Operate service stations Trade petroleum products

66. Provide the following information about suppliers from whom you purchase motor fuels and exchange partners from whom you receive motor fuels. (Attach additional sheets if necessary.)

Name	Supplier exchange partner	Shipping/Delivery Point	Product
_____	<input type="checkbox"/>	_____	_____
_____	<input type="checkbox"/>	_____	_____

Exporter License List Federal Registration (637) Number (If applicable): _____ / _____ / _____

67. List the states to which you import accountable product/motor fuel and the motor fuels license numbers in those states. _____

Yes No

68. Do you maintain bulk storage facilities in this state?

69. Where will your bulk storage be located? _____

70. Fuel Storage Capacity: Above Ground _____ Below Ground _____

71. If no bulk storage facility is owned, explain storage arrangements. _____

Yes No

72. Do you plan to export petroleum products out of this state?

73. Indicate the type of petroleum products exported out of this state.

- Gasoline Low Sulfur Kerosene Aviation Gasoline Alcohol
 Low Sulfur Diesel High Sulfur Kerosene Ethanol Propane
 High Sulfur Diesel Jet Fuel Methanol

74. Indicate the means of transport for the exported product.

- Seagoing Vessel/Barge Transport Truck Tankwagon Truck
 Pipeline Railroad Tank Car Other – Describe _____

75. List the destination states for exported petroleum products and your license number in those states.
(Attach additional sheets if necessary.)

- Seagoing Vessel/Barge Transport Truck Tankwagon Truck
- Pipeline Railroad Tank Car Other – Describe _____

94. List the states from which you import alternative fuels and your license number in these states.
(Attach additional sheets if necessary.)

95. Estimate the number of taxable gallons that will be sold or used in this state during an average month.
Compressed _____ Propane _____ A-55 _____
Natural Gas

E-55 _____ M-55 _____ Other _____

Yes No

96. Do you plan to export alternative fuels out of this state?

97. Indicate the type of petroleum products exported out of this state.

- Compressed Natural Gas Propane A-55 E-55
- M-85 Other – Describe _____

98. Indicate the means of transport for this exported product.

- Seagoing Vessel/Barge Transport Truck Tankwagon Truck
- Pipeline Railroad Tank Car Other – Describe _____

99. List the destination states for exported alternative fuels and your license number in those states.
(Attach additional sheets if necessary.)

Yes No

100. Are you a shipper of record on one of the commercial pipelines serving this state?

101. What other types of operations will you be engaged in?

- Exchanges Direct shipments Other (describe) _____
- Sales on consignment Sell petroleum products
- Operate service stations Trade petroleum products

102. Provide the following information about suppliers from whom you purchase motor fuels and exchange partners from whom you receive motor fuels. (Attach additional sheets if necessary.)

Name	Supplier exchange partner	Shipping/Delivery Point	Product
_____	<input type="checkbox"/> <input type="checkbox"/>	_____	_____
_____	<input type="checkbox"/> <input type="checkbox"/>	_____	_____

Yes No

103. Do you operate vehicles that are fueled from the cargo tank of an alternative fuels vehicle?

Common or Contract Petroleum Carrier License List Federal Registration (637) Number (If applicable):

Yes No

104. Do you transport motor fuel for hire in this state?

Yes No

105. Do you transport motor fuel by rail?

106. List number of this state's licensed vehicles operating on this state's highways.

Greater than 10,000 lbs. But less than 26,001 lbs. _____

Greater than 26,000 lbs. _____

107. Complete the following if your vehicles are involved in a lease agreement

Name and address of Lessor _____ Telephone Number _____

Name and address of Lessor _____

108. List the International Fuel Tax Agreement (IFTA) registration state and account number for the motor carrier operations. _____

109. List the International Registration Plan (IRP) base state and account number for the motor carrier

operations. _____

110. List the US DOT Number. _____

Part IV. Certification

Each State's Certification Statements

Signature	Title
Name (type or print)	Date

Mail to:

STATE'S DEPARTMENT NAME

Division Name
Mailing Address
City, State and 9 Digit Zip Code

Questions:

Contact the Division at:
Telephone Number: (XXX) XXX-XXXX
Fax Number: (XXX) XXX-XXXX

DRAFT

Motor Fuels Tax Irrevocable Letter of Credit

(Your State's Name and Department)

We, _____,
(Financial Institution)

being authorized to conduct business in the State of **(State's Name)**, hereby establish our Irrevocable Letter of Credit (No. _____) in favor of the **(State Agency Commissioner or Secretary Name)**, and agree to pay to you any liabilities, up to an aggregate amount _____ Dollars

(\$ _____), hereinafter found by you to be due from _____
(Principal - Legal Entity)

under **(Place your state's statute reference in this location)**, as the same may be from time to time amended, modified, recodified, or otherwise rewritten, to the payment of which, well and truly to be made, we bind ourselves, our heirs, administrators, successors and assigns firmly by these presents to be effective as to acts or omissions occurring on or after the _____ day of _____, _____ hereinafter referred to as the effective date.

Said payment shall be made upon written demand accompanied by a copy of the official notice of assessment or other document upon which the taxpayer's obligation to pay is based. We engage with you that any demand or presentment made under and in compliance with the terms of this credit shall be duly honored by us, as specified, covering acts or omissions occurring on or after the above-stated effective date on or before the ___ day of __, _____, hereinafter referred to as the expiration date, or any extended expiration date of this Irrevocable Letter of Credit as set forth below.

It is a condition of this Irrevocable Letter of Credit that it shall be deemed automatically extended annually without amendment, with approval of the **(State Agency Commissioner or Secretary)**, for additional period of one year from the above or any extended expiration date unless we shall notify **(State Agency Commissioner or Secretary)** by registered mail postmarked sixty (60) days prior to such expiration date or from future expiration date that we elect not to renew this Irrevocable Letter of Credit for such additional period. Such annual election shall not relieve, release, or discharge us from any obligations under this Irrevocable Letter of Credit for any tax, penalty, or interest accrued by the Principal after the effective date and prior to the expiration date or any extended expiration date, and with respect to any such tax, penalty, or interest, this Irrevocable Letter of Credit shall remain fully in effect. If for any reason this Irrevocable Letter of Credit is not renewed, **(Your State's Name and Department Address)**, will have the right to draw for the outstanding balance of the Letter of Credit prior to its expiration.

We shall be released from this Irrevocable Letter of Credit three (3) years of the expiration date or extended expiration date stated above, hereinafter, referred to as the release date, or after a final audit of the Principal's records has been cleared, whichever comes first.

We hereby engage with the drawers of drafts drawn under and in compliance with the terms of this credit that such drafts will be duly honored upon presentation of drafts and documents to us on or before the release date of the Irrevocable Letter of Credit.

We shall accept demand by you in compliance with the terms of this Irrevocable Letter of Credit on its face, and we shall have no duty, responsibility, or liability to the Principal with respect to the underlying validity of said demand.

This ____ day of _____, _____.

(SEAL)

(Financial Institution)

By: _____
(Institution's Officer) (Title)

Attest:

(Title)

DRAFT