

Revenue Information Bulletin

No. 06-021

March 30, 2006

Excise Taxes

Notification of Fuel Tax Law Change

During the 2005 Regular Session, the Louisiana Legislature passed Act 252 with an effective date of July 1, 2006. This legislation is usually referred to as "Collection at the Rack". The manner by which tax on gasoline is paid by the first handler is very similar to what will happen for all taxes under the new law. Effective July 1, tax will be collected on gasoline and clear diesel fuels, as defined, when the fuel is removed at the terminal rack. Although the point at which the tax is collected will change, the tax rate of \$.20 per gallon plus the inspection fee of \$.00125 will remain in effect.

The categories of taxpayers required to file returns and reports with the Department will also change. Gasoline Dealers, Gasoline Jobbers, Special Fuels Suppliers, Special Fuels Interstate Users and Contract Carriers will need to complete a Registration Application to determine which license to apply for. Your license designation will determine the return or report that you are required to file under the new law. The following taxpayers are required to file under R.S. 47:818.24:

Terminal Operator	owns, operates or otherwise controls the terminal; requires a \$2,000,000 bond, at minimum;
Supplier	position holder in this state and registered with the IRS; requires a \$2,000,000 bond, at minimum;
Permissive Supplier	position holder in another state and registered with the IRS; requires a \$2,000,000 bond, at minimum;
Importer	imports fuel into this state outside of the bulk terminal system; requires a \$20,000 bond, at minimum,
Exporter	exports motor fuel from this state; requires a \$20,000 bond, at minimum;
Distributor	purchases motor fuel from unaffiliated supplier; permissive supplier, or other distributor for subsequent sale to an unaffiliated distributor, retail dealer, or bulk consumer; requires a \$20,000 bond, at minimum;
Blender	produces fuel outside of the bulk terminal system; requires a \$20,000 bond, at minimum;
Interstate motor fuel user	imports fuel into this state in the vehicle's fuel supply tank and if not licensed in accordance with the International Fuel Tax Agreement (IFTA) requires a \$20,000 bond, at a minimum;
Motor fuel transporter	transports fuel outside the bulk terminal system by means of transport truck, railroad tank car, vessel; no bond required; and
Aviation fuel dealer	operator of an aircraft servicing facility; no bond required.

If your business operations require a license for multiple categories, the Department will require only one bond for the amount of the highest applicable license. A registration application, along with a Surety Bond Form, will be mailed to you shortly. If you have not received an application packet by April 30, 2006, or if you need assistance with your application, please contact the Taxpayer Services Division, Excise Taxes Section at 225-219-7656, option 2.

Cynthia Bridges

Secretary

A Revenue Information Bulletin (RIB) is issued under the authority of LAC 61:III.101.D. A RIB is an informal statement of information issued for the public and employees that is general in nature. A RIB does not have the force and effect of law and is not binding on the public or the Department.