



25 Sigourney Street
Hartford CT 06106-5032

SPECIAL NOTICE

2005 and 2007, and 2008 Legislative Changes Affecting the Motor Vehicle Fuels Tax and the Petroleum Products Gross Earnings Tax Effective July 1, 2008

Purpose: This Special Notice describes changes made to the motor vehicle fuels tax during the 2007 session of the Connecticut General Assembly and the changes made to the petroleum products gross earnings tax during the 2005 and 2007 session and the June 11, 2008, special session of the Connecticut General Assembly that will take effect July 1, 2008.

Effective Date: The effective dates of the legislative changes are noted in this publication.

Statutory Authority: Conn. Gen. Stat. §12-458(a)(2), as amended by 2007 Conn. Pub. Acts 199, §1; 2007 Conn. Pub. Acts 1, § 135 (June Spec. Sess.); Conn. Gen. Stat. §12-587, as amended by 2005 Conn. Pub Acts 4, §40 (June Spec. Sess.); 2006 Conn. Pub. Acts 143, §2; 2007 Conn. Pub. Acts 199, §2; 2007 Conn. Pub. Acts 1, §137 (June Spec. Sess.); and 2008 Bill No. 1000, §§1 and 2 (June 11 Spec. Sess.).

Part I. Motor Vehicle Fuels Tax Changes

Motor Vehicle Fuels Tax Rate Increase on Diesel Fuel: Effective July 1, 2008, the motor vehicle fuels tax rate on the sale or use of diesel fuel increases from 37¢ to 43.4¢ per gallon.

No floor tax is being imposed on the inventory of diesel fuel as of the close of business on June 30, 2008.

The tax rate on gasohol will remain 25¢ per gallon.

Refund Rate for Certain Uses of Diesel Fuel: Effective July 1, 2007, for those claims determined by the commissioner to be eligible for refund, the refund rate for diesel fuel used other than in motor vehicles licensed or required to be licensed to operate upon the public highways of this state is 26¢ per gallon. The June 11, 2008 legislation does not change this refund rate.

This refund rate does not apply to a person engaged in the business of farming.

Motor Vehicle Fuels Tax Exemption for Sales of Certain Alternative Fuels Will Expire: Effective for sales made on or after July 1, 2008, sales of compressed natural gas, liquefied petroleum gas, and liquefied natural gas are subject to motor vehicle fuels tax. The exemption under Conn. Gen. Stat. §12-458f will expire for sales of these fuels made after June 30, 2008. See **Policy Statement 92(10.1), Tables and Equivalents for Natural Gas and Propane for Motor Vehicle Fuels Tax Purposes**, for more information on computing the tax on motor vehicle fuels in gaseous form. The tax rate on natural gas and propane is 26¢ per gallon.

Part II. Petroleum Products Gross Earnings Tax Changes

Petroleum Products Gross Earnings Tax Rate Will Not Increase: The petroleum products gross earnings tax rate had been scheduled to increase from 7.0% to 7.5%, effective for calendar quarters beginning on or after July 1, 2008. With the passage of 2008 Bill No. 1000, §§1 and 2, the petroleum products gross earnings tax rate will remain 7% for calendar quarters beginning before July 1, 2013.

Calendar Quarters Beginning:

On or After	But Before	The Tax Rate Is
July 1, 2007	July 1, 2013	7%
July 1, 2013		8.1%

Exemption From Petroleum Products Gross Earnings Tax for Most Diesel Fuel: Effective July 1, 2007, gross earnings from the first sale within Connecticut of diesel fuel (other than diesel fuel to be used in an electric generating facility to generate electricity) are exempt from the petroleum products

gross earnings tax. The June 11, 2008, legislation does not change this exemption.

Petroleum Products Gross Earnings Tax Exemptions for Gross Earnings Derived From Sales of Certain Petroleum Products Will Expire:

Effective for calendar quarters beginning on or after July 1, 2008, gross earnings derived from the first sale within Connecticut of propane gas to be used as a fuel for a motor vehicle and gross earnings derived from the first sale within Connecticut of petroleum products to be used as a fuel for a fuel cell (as defined in Conn. Gen. Stat. §12-412(113)) are subject to the petroleum products gross earnings tax. The exemptions under Conn. Gen. Stat. §12-587(b)(2)(F) and (J) will expire for calendar quarters beginning on or after July 1, 2008.

Effect on Other Documents: The following forms will be revised to reflect the rate increases or exemptions discussed in this Special Notice: **Form OP-161**, *Petroleum Products Gross Earnings Tax Return*; **Form OP-218**, *Petroleum Products Gross Earnings Tax, Tax Certification to Products Purchased in Connecticut But Sold Out of State*; **Form OP-219**, *Petroleum Products Gross Earnings Tax, Gross Earnings - Out-of-State Affidavit With Reference to the Sales of Petroleum Products Sold Exclusively for Sale or Use in Another State*; **CERT-116**, *Exempt Petroleum Products Certificate*; **Form OP-216**, *Special Fuel Tax Return*; **AU-724**, *Motor Vehicle Fuels Tax Refund Claim Off Highway, Governmental, School Bus, Marine and Commercial*; **AU-725**, *Motor Vehicle Fuels Tax Refund Claim Farm Use*; **AU-736**, *Motor Vehicle Fuels Tax Refund Claim, Motor Bus, Taxicab, & Livery*; **AU-737**, *Motor Vehicle Fuels Tax Refund Claim, Airport Service Motor Bus*; **AU-738**, *Motor Vehicle Fuels Tax Refund Claim, Nutrition Program*; and **AU-741**, *Motor Vehicle Fuels Tax Refund Claim, Commuter Van*. **Special Notice 2008(1)**, *2005 and 2007 Legislative Changes Affecting the Motor Vehicle Fuels Tax And the Petroleum Products Gross Earnings Tax* *Effective July 1, 2008*, is modified and superseded.

Effect of This Document: A Special Notice announces a new policy or practice in response to changes in state or federal laws or regulations or to judicial decisions. A Special Notice indicates an informal interpretation of Connecticut tax law by the Department of Revenue Services (DRS).

For More Information on the Petroleum Products Gross Earnings Tax, Motor Vehicle Fuels Tax or This Special Notice: For more information on the petroleum products gross earnings tax or this Special Notice, call the Excise Taxes Unit of the Audit Division at 860-541-3224 from 8:30 a.m. to 4:30 p.m., Monday through Friday.

For Further Information: Call DRS during business hours, Monday through Friday:

- **1-800-382-9463** (Connecticut calls outside the Greater Hartford calling area only); **or**
- **860-297-5962** (from anywhere).

TTY, TDD, and Text Telephone users only may transmit inquiries anytime by calling 860-297-4911.

Forms and Publications: Forms and publications are available anytime by:

- **Internet:** Visit the DRS website at www.ct.gov/DRS to download and print Connecticut tax forms; **or**
- **Telephone:** Call **1-800-382-9463** (Connecticut calls outside the Greater Hartford calling area only) and select **Option 2** from a touch-tone phone, or call **860-297-4753** (from anywhere).

Paperless Filing/Payment Methods (fast, easy, free, and confidential):

- **For business returns, tax payments, and electronic bill payments:** Use the *Taxpayer Service Center (TSC)* to file a variety of tax returns and extensions, as well as to pay taxes or bills over the Internet. Visit the DRS website at www.ct.gov/DRS and click on the *TSC* logo or on *File/Register OnLine* for a complete list of taxes that can be electronically filed and paid.

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