



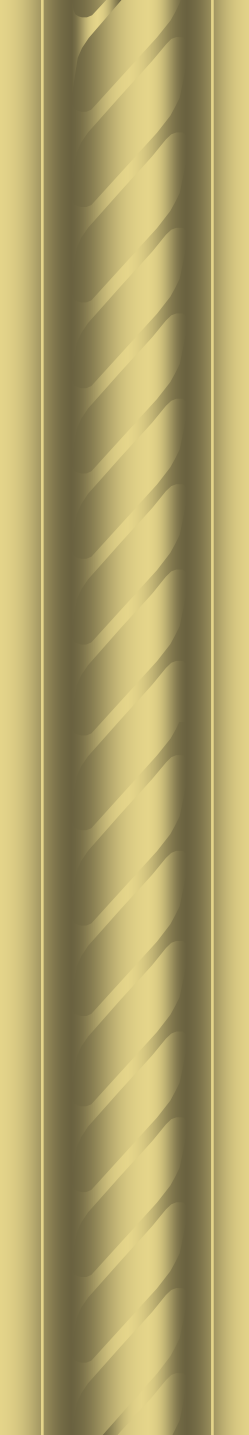
# **Motor Fuel Refunds**

**FTA Motor Fuel Tax**

**Annual Meeting**

**September 22nd – 24th, 2008**

**Hartford, Connecticut**

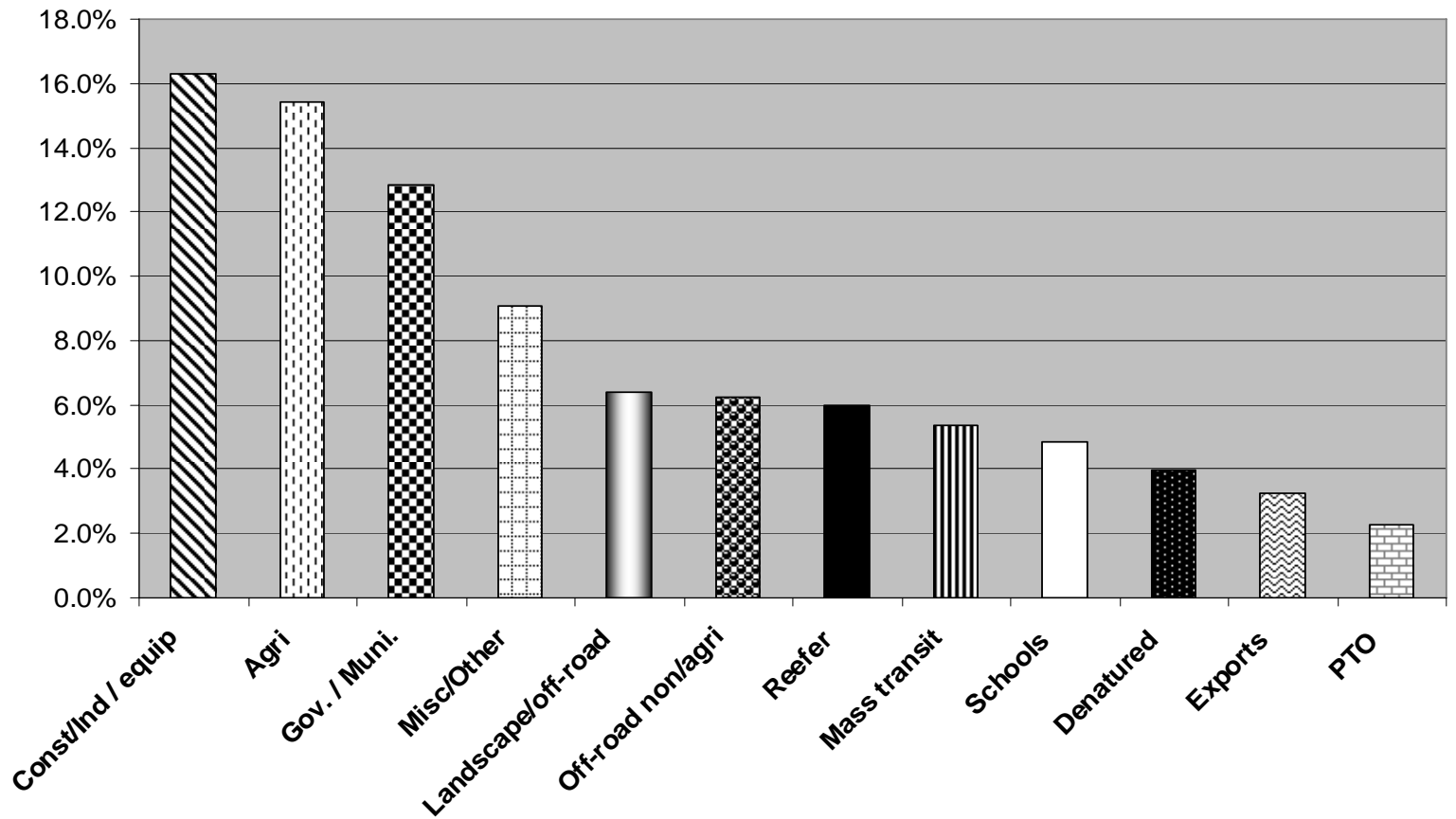


The following data is for informational purposes only, and was compiled based on responses provided from 18 States.

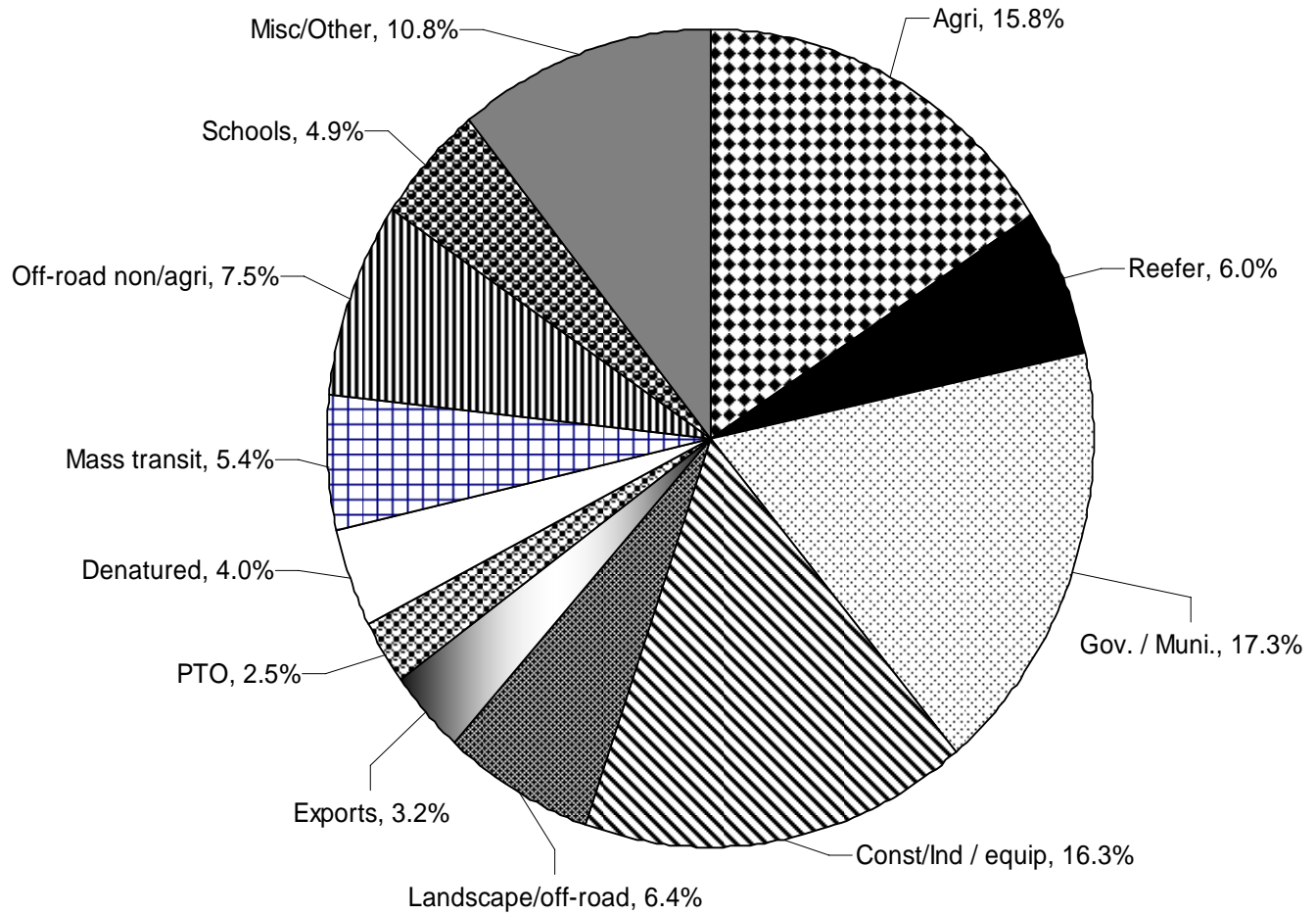
# Types of Refunds States are Giving

- Construction/Industrial/Equipment
- Agricultural
- Government/Municipalities
- Misc./Other
- Landscaping
- Off-Road/Non-Agricultural
- Refrigeration Units
- Mass Transit
- Schools
- Denaturant
- Exports
- Power Take-Off

## Percentage of Motor Fuel Refunds Issued



# Percentage of Motor Fuel Refunds Issued



# Flat Percentages Used for Calculating Refunds

- No flat percentages are used to calculate refunds. (9 states).
- 25% to 35% concrete mixers and solid waste compactors. (7 states).
- 50% waste management and 15% liquid waste. (1 state).
- 5% and 25% PTO. (2 states).
- 15% boom and derrick/digger trucks  $\leq 20,000$  gvwt.  
30% boom and derrick/digger trucks  $> 20,000$  gvwt. (1 state).
- 70% of tax for gasoline is refunded if used off-road. (1 state).

# Documentation Required to Validate a Refund Claim

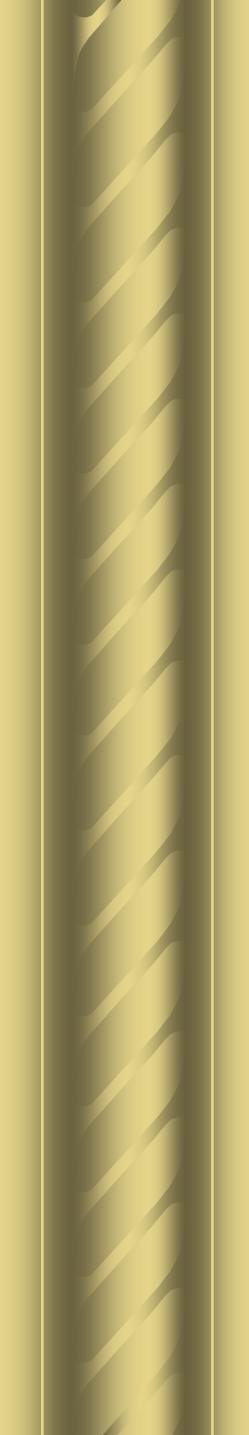
- Documentation is kept by the taxpayer and made available upon request, or during audit. (2 states).
- Original invoices only. (4 states).
- Original invoices only, for refunds of \$100 or more. (1 state).
- Original invoices and/or additional documentation: schedule of tax paid purchases, physical inventory, distribution logs, equipment lists, on-board computer readings, credit card statements, other 3<sup>rd</sup> party verification. (11 states).

# Minimum Refund Requirements

- No minimum. (5 states).
- No minimum, but only allow 1 refund per year. (1 state).
- \$1. (2 states).
- \$5. (1 state).
- \$10. (1 state).
- \$12.50 or 50 gallons. (1 state).
- \$25. (2 states).
- \$60. (1 state).
- 25 gallons for off-highway and PTO. (1 state).
- 100 gallons (2 states).
- MVF and Diesel users annual claim with minimum \$750. Diesel ultimate vendors may submit claim as often as weekly, if the claim exceeds \$200. (1 state).

# Statute of Limitations

- 1 year. (9 states).
  - 13 months. (1 state).
  - 2 years. (2 states).
  - 3 years. (6 states).
  - 4 years for RV claims. (1 state).
- 
- 1 state has a petition process in place when the SOL expires.
  - 1 state has a Legislative claim process that allows 2 additional years when the 1 year SOL has expired.



The following data is for informational purposes only, and was compiled based on previous MF Refund related ‘MFUC list serv’ questions.

# Idle Time Refunds

- Idle time refunds are not allowed. (17 states).
- Idle time refunds are not allowed for on-highway idling. (2 states).

# Power Take-Off (PTO) Refunds

- PTO refunds are not allowed. (1 state).
- PTO refunds are not allowed, unless the fuel comes from a separate supply tank. (3 states).
- PTO refunds are allowed for specific uses or types of vehicles. (5 states).

# Refunds of MF Used in Boats

- Boat refunds are not allowed. (4 states).
- Boat refunds are not allowed for recreational vehicles. (2 states).
- Boat refunds are not allowed, unless it's for commercial use only. (3 states).
- Boat refunds are allowed. (6 states).

# Items of Interest

- Some states are seeing an increase in third party refund requests.

For example, an equipment leasing company requesting a refund of fuel used in 'rented' equipment because the fuel cost is 'not' included in the price/invoice.

Many states require the purchaser to also be the consumer in order to allow the refund.

- Potential for a decrease in the number of MF Refunds, due to the sales/use tax exceeding the MF tax.

## Items of Interest Cont.

- A suit has been filed to challenge a state's decision that a belt driven air conditioning system does not constitute PTO under their refund regulations.
- A state statute is in conflict with an IRS statute regarding mobile machinery. The IRS does not allow mobile machinery to burn dyed fuel. For example, the state exempts a crane or oil well rig from the 'registration' requirement and allows dyed fuel to be burned. This could result in additional MF refund claims being received by the state.

# **How are Automated MF Refund Processes Working?**

Dale Thede  
Iowa Dial-A-Refund Program

# QUESTIONS?

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