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PMAA COMPLIANCE BULLETIN

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2020 FEDERAL MOTOR FUEL EXCISE TAX RATES

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WHAT'S NEW

Prospective Reinstatement of the Oil Spill Liability Tax - The federal Oil Spill Liability Tax (OSLT) that expired on December 31, 2018 has been reauthorized prospectively (not retroactively) beginning January 1, 2020. Refiners are the only parties in the petroleum distribution chain liable for the OSLT. The OSLT rate is \$0.09 cents per barrel of crude oil. Refiners pass the OSLT downstream as a **cost** rolled into the per gallon price of finished product and adjusted downward based on the volume of any non-crude blend stock added at the terminal such as ethanol and biodiesel. Some suppliers break the OSLT out as a separate line item on BOLs while others do not. The OSLT reauthorization has little practical effect on downstream marketers other than on a slight increase in the cost of finished product. However, those marketers using accounting software that breaks out the OSLT as a separate line item should adjust software accordingly. The \$0.09 cents per barrel of crude OSLT expressed in cents per gallon (CPG) of finished product is as follows:

Finished Product	Oil Spill Liability Tax cpg
Diesel Fuel	\$0.002143 cpg
Biodiesel 5%	\$0.002036 cpg
Biodiesel 20%	\$0.001714 cpg
Gasoline 100%	\$0.002143 cpg
Gasoline E10	\$0.001929 cpg

Retroactive Reinstatement of the Biodiesel Blender Credit – The \$1.00 per gallon biodiesel blender credit was reauthorized retroactively to January 1, 2018 and is extended through December 31, 2022. The IRS is preparing a one-time, 180-day claim period for retroactive claims back to January 1, 2018.

Retroactive Reinstatement of the Alternative Fuel Credit – The \$0.50 cpg credit for the sale and/or use of alternative fuel was reauthorized retroactively to January 1, 2018 and is extended through December 31, 2020. The credit is available for on-highway use only. The IRS is preparing a one-time, 180-day claim period for retroactive claims back to January 1, 2018.

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Rates below include the 1/10th cpg non-refundable LUST tax imposed on all liquid fuels.

Product	Rate	Cents Per/Gal	
Gasoline	\$.184	18.4	cpg
Gasoline (removed for alcohol blending)	\$.184	18.4	cpg
Alcohol (for use in downstream gasoline blending)	\$.184	18.4	cpg
Aviation Gasoline	\$.194	19.4	cpg
Biodiesel Blender's Credit	\$ 1.00	100.0	cpg
Alternative Fuel Mixture Credit	\$ 0.50	50.0	cpg
Heating Oil	\$.001	1/10 th	cpg
Diesel (clear)	\$.244	24.4	cpg
Diesel (dyed)	\$.001	1/10 th	cpg
Diesel (dyed used in trains)*	\$.001	1/10 th	cpg
Diesel (removed for blending with biodiesel)	\$.244	24.4	cpg
Diesel (used in certain intercity and local buses)	\$ 0.17	17.0	cpg
Biodiesel (removed for blending with diesel)	\$.244	24.4	cpg
Kerosene (clear)	\$.244	24.4	cpg
Kerosene (dyed)	\$.001	1/10 th	cpg
Kerosene (clear - non-commercial aviation)**	\$.219	21.9	cpg
Kerosene (clear - for use in non-taxable aviation)	\$.001	1/10 th	cpg
Kerosene (clear - for use in commercial aviation not foreign trade)	\$.044	4.4	cpg
Alternative Fuels - On Highway Use in a Motor Vehicle			
Propane (liquefied propane gas) (gasoline gallon equivalent)***	\$.183	18.3	cpg
Compressed Natural Gas (CNG) (gasoline gallon equivalent)***	\$.183	18.3	cpg
Liquefied Natural Gas (diesel fuel gallon equivalent)***	\$.243	24.3	cpg
"P" Series Fuels	\$.184	18.4	cpg
Liquefied Fuel (derived from biomass)	\$.244	24.4	cpg

Notes

*This tax is paid by the railroads, NOT by the ultimate vendor.

** Marketers pay \$.244 cpg at the rack, user's rate is \$.219. Ultimate vendor claim is \$.025 cpg. The ultimate vendor is the only party that can make the claim for 2.5 cpg. Ultimate vendor must have a certificate from the ultimate purchaser verifying the fuel is used for non-commercial aviation. Ultimate vendor must have an IRS 637 UA registration to file claim.

***For taxation purposes, one gasoline gallon equivalent (GGE) is equal to 5.75 pounds (lbs.) of propane and 5.66 lbs. of CNG. One diesel gallon equivalence (DGE) is equal to 6.06 lbs. of LNG. (Reference 26 U.S. Code 4041 and 4081).

IMPORTANT REMINDER

LUST Fee - The 1/10th cent per gallon federal Leaking Underground Storage Tank (LUST) fee applies to all liquid fuels including heating oil, dyed and clear diesel fuel, gasoline, kerosene, racing fuel, jet fuel, P Series fuels and liquefied biomass fuels. The LUST fee is collected at the terminal rack and applies regardless of whether the fuel is stored in an underground storage tank. The LUST fee is not refundable to any party along the distribution chain *including* tax-exempt parties.