

# HOUSE RESEARCH

## Bill Summary

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### Overview

This bill provides for taxation of certain gasoline—that is used in aircraft instead of aviation gasoline—to be treated in the same manner as aviation gasoline, and makes conforming changes in various associated provisions on aviation fuels taxes. (Aviation gasoline, or “avgas,” is a refined petroleum product that is distinct from the type of gas used in autos.) Among its effects, the bill would establish a tax rate for gasoline used as an aviation gas substitute that is the same as the rate for aviation gas (5 cents per gallon) instead of the rate for fuels used in cars and trucks, and would deposit the revenue in the state airports fund.

#### Section

- 1 Dealer of gasoline used as a substitute for aviation gasoline.** Defines “dealer of gasoline used as a substitute for aviation gasoline” in the chapter on petroleum taxes, to be a seller at an airport of gasoline that is dispensed into aircraft.
- 2 Exemptions.** Exempts fuel purchased by a “dealer of gasoline used as a substitute for aviation gasoline” from the gasoline tax (which is imposed at a total rate of the 28.5 cents per gallon).
- 3 Gasoline tax imposed.** Imposes a 5-cents per gallon tax rate on gasoline used in aircraft instead of aviation gas.
- 4 Exception to tax for aviation use.** Includes gasoline used in aircraft instead of aviation gas in an aviation fuels tax exemption for fuel purchased and fueled in aircraft outside the state.
- 5 Tax not on consumption.** Includes gasoline used in aircraft instead of aviation gas in a provision establishing that the aviation fuels tax is not on consumption of the fuel.

**Section**

- 6 Exemptions.** Adds to an exemption from the aviation fuels tax for purchases made by an ambulance service, to include gasoline used in aircraft instead of aviation gas.
- 7 Monthly gasoline report; shrinkage allowance.** Amends required monthly reporting for entities that pay aviation fuels taxes, to include information on the amount of gasoline received for use in aircraft instead of aviation gas as well as associated tax revenue received.
- 8 Failure to use or sell for intended purpose; report required.** Adds to mandatory Department of Revenue reporting on purchase of aviation fuels used in a motor vehicle (as opposed to an aircraft), to include gasoline sold by a dealer for use in aircraft instead of aviation gas.
- 9 Aviation refund requirements.** Makes a conforming change.
- 10 Claim for refund; aviation tax.** Makes a conforming change.
- 11 Refund on a graduated basis.** Includes gasoline used in aircraft instead of aviation gas in a provision that provides a graduated refund of a portion of tax paid on aviation fuels (which is a refund of varying amount based on gallons of fuel used).
- 12 Intent; gasoline use.** Adds an exception for gasoline used in aircraft instead of aviation gas from a provision establishing that all gasoline (with exceptions) received or produced in the state is presumed to be for use in motor vehicles.
- 13 Airports.** Directs revenues from the tax on gasoline used in aircraft instead of aviation gas to go the state airports fund.
- 14 Retention.** Amends required recordkeeping on transactions by fuel dealers and distributors, to include dealers selling gasoline used in aircraft instead of aviation gas.
- 15 Repealer.** Repeals an administrative rule that limits gasoline tax refunds and credits on gasoline used in aircraft to be available only when the FAA has approved use of that fuel in the aircraft.
- 16 Effective date.** Makes the changes effective starting with fiscal year 2016 purchases, except that the repealer is effective the day after enactment.