

WEST VIRGINIA LEGISLATURE

2016 REGULAR SESSION

Introduced

Senate Bill 582

FISCAL
NOTE

BY SENATORS PLYMALE AND WOELFEL

[Introduced February 11, 2016;

Referred to the Committee on Finance.]

1 A BILL to amend and reenact §11-14C-9 of the Code of West Virginia, 1931, as amended, relating
 2 to providing a refundable exemption from the flat rate component of the state motor fuel
 3 excise tax on all gallons of motor fuel sold for use or consumed in railroad diesel
 4 locomotives; setting a cap on the exemption per year; and requiring a proportionate
 5 disbursement if claims exceed the cap.

Be it enacted by the Legislature of West Virginia:

1 That §11-14C-9 of the Code of West Virginia, 1931, as amended, be amended and
 2 reenacted to read as follows:

ARTICLE 14C. MOTOR FUEL EXCISE TAX.

§11-14C-9. Exemptions from tax; claiming refunds of tax.

1 (a) *Per se exemptions from flat rate component of tax.* – Sales of motor fuel to the
 2 following, or as otherwise stated in this subsection, are exempt per se from the flat rate of the tax
 3 levied by section five of this article and the flat rate may not be paid at the rack:

4 (1) All motor fuel exported from this state to any other state or nation: *Provided*, That the
 5 supplier collects and remits to the destination state or nation the appropriate amount of tax due
 6 on the motor fuel transported to that state or nation. This exemption does not apply to motor fuel
 7 which is transported and delivered outside this state in the motor fuel supply tank of a highway
 8 vehicle;

9 (2) Sales of aviation fuel;

10 (3) Sales of dyed special fuel; and

11 (4) Sales of propane unless sold for use in a motor vehicle.

12 (b) *Per se exemptions from variable component of tax.* – Sales of motor fuel to the
 13 following are exempt per se from the variable component of the tax levied by section five of this
 14 article and the variable component may not be paid at the rack:

15 All motor fuel exported from this state to any other state or nation: *Provided*, That the
 16 supplier collects and remits to the destination state or nation the appropriate amount of tax due

17 on the motor fuel transported to that state or nation. This exemption does not apply to motor fuel
18 which is transported and delivered outside this state in the motor fuel supply tank of a highway
19 vehicle.

20 (c) *Refundable exemptions from flat rate component of tax.* – A person having a right or
21 claim to any of the following exemptions from the flat rate component of the tax levied by section
22 five of this article shall first pay the tax levied by this article and then apply to the Tax
23 Commissioner for a refund:

24 (1) The United States or agency thereof: *Provided*, That if the United States government,
25 or agency or instrumentality thereof, does not pay the seller the tax imposed by section five of
26 this article on a purchase of motor fuel, the person selling tax previously paid motor fuel to the
27 United States government, or its agencies or instrumentalities, may claim a refund of the flat rate
28 component of tax imposed by section five of this article on those sales;

29 (2) A county government or unit or agency thereof;

30 (3) A municipal government or any agency thereof;

31 (4) A county board of education;

32 (5) An urban mass transportation authority created pursuant to the provisions of article
33 twenty-seven, chapter eight of this code;

34 (6) A municipal, county, state or federal civil defense or emergency service program
35 pursuant to a government contract for use in conjunction therewith or to a person who is required
36 to maintain an inventory of motor fuel for the purpose of the program: *Provided*, That motor fueling
37 facilities used for these purposes are not capable of fueling motor vehicles and the person in
38 charge of the program has in his or her possession a letter of authority from the Tax Commissioner
39 certifying his or her right to the exemption. In order for this exemption to apply, motor fuel sold
40 under this subdivision and subdivisions (1) through (5), inclusive, of this subsection shall be used
41 in vehicles or equipment owned and operated by the respective government entity or government
42 agency or authority;

43 (7) All invoiced gallons of motor fuel purchased by a licensed exporter and subsequently
44 exported from this state to any other state or nation: *Provided*, That the exporter has paid the
45 applicable motor fuel tax to the destination state or nation prior to claiming this refund or the
46 exporter has reported to the destination state or nation that the motor fuel was sold in a transaction
47 not subject to tax in that state or nation. A refund may not be granted on motor fuel which is
48 transported and delivered outside this state in the motor fuel supply tank of a highway vehicle;

49 (8) All gallons of motor fuel used and consumed in stationary off-highway turbine engines;

50 (9) All gallons of fuel used for heating any public or private dwelling, building or other
51 premises;

52 (10) All gallons of fuel used for boilers;

53 (11) All gallons of motor fuel used as a dry cleaning solvent or commercial or industrial
54 solvent;

55 (12) All gallons of motor fuel used as lubricants, ingredients or components of a
56 manufactured product or compound;

57 (13) All gallons of motor fuel sold for use or used as a motor fuel for commercial watercraft;

58 (14) All gallons of motor fuel sold for use or consumed in railroad diesel locomotives;

59 (15) All gallons of motor fuel purchased in quantities of twenty-five gallons or more for use
60 as a motor fuel for internal combustion engines not operated upon highways of this state;

61 (16) All gallons of motor fuel purchased in quantities of twenty-five gallons or more and
62 used to power a power take-off unit on a motor vehicle. When a motor vehicle with auxiliary
63 equipment uses motor fuel and there is no auxiliary motor for the equipment or separate tank for
64 a motor, the person claiming the refund may present to the Tax Commissioner a statement of his
65 or her claim and is allowed a refund for motor fuel used in operating a power take-off unit on a
66 cement mixer truck or garbage truck equal to twenty-five percent of the tax levied by this article
67 paid on all motor fuel used in such a truck;

68 (17) Motor fuel used by a person regularly operating a vehicle under a certificate of public

69 convenience and necessity or under a contract carrier permit for transportation of persons when
70 purchased in an amount of twenty-five gallons or more: *Provided*, That the amount refunded is
71 equal to \$0.06 per gallon: *Provided, however*, That the gallons of motor fuel have been consumed
72 in the operation of urban and suburban bus lines and the majority of passengers use the bus for
73 traveling a distance not exceeding forty miles, measured one way, on the same day between their
74 places of abode and their places of work, shopping areas or schools; and

75 (18) All gallons of motor fuel that are not otherwise exempt under subdivisions (1) through
76 (6), inclusive, of this subsection and that are purchased and used by any bona fide volunteer fire
77 department, nonprofit ambulance service or emergency rescue service that has been certified by
78 the municipality or county wherein the bona fide volunteer fire department, nonprofit ambulance
79 service or emergency rescue service is located.

80 (d) *Refundable exemptions from variable rate component of tax.* – Any of the following
81 persons may claim an exemption from the variable rate component of the tax levied by section
82 five of this article on the purchase and use of motor fuel by first paying the tax levied by this article
83 and then applying to the Tax Commissioner for a refund.

84 (1) The United States or agency thereof: *Provided*, That if the United States government,
85 or agency or instrumentality thereof, does not pay the seller the tax imposed by section five of
86 this article on any purchase of motor fuel, the person selling tax previously paid motor fuel to the
87 United States government, or its agencies or instrumentalities, may claim a refund of the variable
88 rate of tax imposed by section five of this article on those sales.

89 (2) This state and its institutions;

90 (3) A county government or unit or agency thereof;

91 (4) A municipal government or agency thereof;

92 (5) A county board of education;

93 (6) An urban mass transportation authority created pursuant to the provisions of article
94 twenty-seven, chapter eight of this code;

95 (7) A municipal, county, state or federal civil defense or emergency service program
96 pursuant to a government contract for use in conjunction therewith, or to a person who is required
97 to maintain an inventory of motor fuel for the purpose of the program: *Provided*, That fueling
98 facilities used for these purposes are not capable of fueling motor vehicles and the person in
99 charge of the program has in his or her possession a letter of authority from the Tax Commissioner
100 certifying his or her right to the exemption;

101 (8) A bona fide volunteer fire department, nonprofit ambulance service or emergency
102 rescue service that has been certified by the municipality or county where the bona fide volunteer
103 fire department, nonprofit ambulance service or emergency rescue service is located; ~~or~~

104 (9) All invoiced gallons of motor fuel purchased by a licensed exporter and subsequently
105 exported from this state to any other state or nation: *Provided*, That the exporter has paid the
106 applicable motor fuel tax to the destination state or nation prior to claiming this refund. A refund
107 may not be granted on motor fuel which is transported and delivered outside this state in the motor
108 fuel supply tank of a highway vehicle; or

109 (10) Beginning on January 1, 2018, all gallons of motor fuel sold for use or consumed in
110 railroad diesel locomotives: *Provided*, That the refundable exemption contained in this
111 subdivision may not exceed an aggregate \$4,300,000 in any year to all persons claiming the
112 exemption and that if more than an aggregate \$4,300,000 is appropriately claimed in any year
113 then the refundable exemption shall be distributed proportionately to the claimants based on the
114 amount claimed by each claimant, so that the total aggregate refund is \$4,300,000 in that year.

115 (e) The provision in subdivision (9), subsection (a), section nine, article fifteen of this
116 chapter that exempts as a sale for resale those sales of gasoline and special fuel by a distributor
117 or importer to another distributor does not apply to sales of motor fuel under this article.

NOTE: The purpose of this bill is to provide a refundable tax credit for motor fuel sold for

use or consumed in railroad diesel locomotives.

Strike-throughs indicate language that would be stricken from a heading or the present law, and underscoring indicates new language that would be added.