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HOUSE BILL NO. 1130

Offered January 24, 2000

A BILL to amend and reenact §§ 58.1-2105 and 58.1-2116 of the Code of Virginia, relating to motor fuels taxes.

Patrons—Robinson and Watts

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That §§ 58.1-2105 and 58.1-2116 of the Code of Virginia are amended and reenacted as follows:

§ 58.1-2105. Levy of tax on all motor fuels.

A. Except as provided in subsection C, there is hereby levied a tax at the rate of ~~seventeen~~ *twenty-two* and one-half cents per gallon on all motor fuel, except aviation motor fuel, sold and delivered or used in this Commonwealth. The tax shall be levied on all motor fuel sold by or through post exchanges, ship stores, ship service stores, commissaries, filling stations, licensed traders and other similar agencies located on United States military or other reservations within the boundaries of the Commonwealth, unless such fuel is for the exclusive use of the United States or its departments, agencies and instrumentalities. The tax herein imposed and assessed shall be collected by and paid to the Commonwealth but once in respect to any motor fuel. Nothing herein shall be construed to exempt from this tax any dealer in motor fuel on the motor fuel used in making such distribution.

B. A tax at the rate of five cents per gallon is hereby levied on all aviation motor fuel which is sold and delivered or used in Virginia. Any person, whether or not licensed under this chapter, who uses, acquires for use, sells or delivers for use in highway vehicles any aviation fuel taxable under this chapter shall be liable for the tax at the rate of seventeen and one-half cents per gallon, along with any penalties and interest which may accrue.

C. Upon application to and approval by the Commissioner, any producer of synthetic motor fuel produced from coal in a county with a population between 19,000 and 51,000 as determined by the 1980 U.S. Census shall be subject to tax as set forth in this subsection:

1. For the first three years of production, the tax shall be three cents per gallon;

2. For the fourth year of production, the tax shall be nine cents per gallon;

3. For the fifth year of production, the tax shall be eleven and one-half cents per gallon;

4. For the sixth and seventh years of production, the tax shall be thirteen and one-half cents per gallon;

5. For the eighth and ninth years of production, the tax shall be fifteen and one-half cents per gallon; and

6. Beginning in the tenth year of production and thereafter, the tax shall be at the rate prescribed in subsection A. The total number of gallons of synthetic motor fuel and synthetic special fuel subject to tax in *this* subsection ~~of this section~~ and subsection D of § 58.1-2116 shall not exceed twenty-five million gallons per fiscal year.

D. Any dealer who collects the tax on motor fuel shall be liable for the payment thereof to the Department of Motor Vehicles.

§ 58.1-2116. Levy of tax; liability for tax.

A. Except as otherwise provided in subsections B, C, D, and E, there is hereby levied a tax at the rate of ~~sixteen~~ *twenty-one* cents per gallon upon all diesel fuel:

1. Sold or delivered by any supplier into a bulk storage facility of any licensed reseller or bulk user;

2. Used by any supplier in any highway vehicle owned, leased, or operated by him;

3. Delivered by a supplier directly into the fuel supply tank of a highway vehicle;

4. Imported by a reseller or bulk user, into this Commonwealth;

5. Acquired tax free by a reseller, bulk user, or user in this Commonwealth, for resale or use for the propulsion of a highway vehicle; or

6. Purchased by any person, firm or corporation, except a licensed supplier, and subsequently transported and delivered by such person, firm, or corporation to another state, district, or country for sale or use without the Commonwealth.

B. A tax at the rate of five cents per gallon is hereby imposed upon all aviation special fuel:

1. Sold or delivered by any supplier, other than an aviation consumer, to any licensed reseller or bulk user;

2. Used by a supplier, other than an aviation consumer, in any aircraft owned, leased or operated by him;

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59 3. Delivered by a supplier directly into the fuel supply tank of an aircraft, other than an aircraft
60 owned, leased or operated by a licensed aviation consumer; or

61 4. Imported by a reseller or bulk user into, or acquired tax free by a reseller, bulk user or user in this
62 Commonwealth for resale or use for the propulsion of an aircraft.

63 C. A tax at the rate of five cents per gallon is hereby imposed on aviation special fuel purchased or
64 acquired for use by an aviation fuel user. A tax at the rate of five cents per gallon is hereby imposed
65 upon the first 100,000 gallons of aviation special fuel, excluding bonded aviation special fuel, purchased
66 or acquired for use by any aviation consumer in any fiscal year. A tax at the rate of one-half cent per
67 gallon is hereby imposed on all aviation special fuel, excluding bonded aviation special fuel, purchased
68 or acquired for use in excess of 100,000 gallons by an aviation consumer in any fiscal year.

69 Any person who shall, while licensed or unlicensed under this chapter, use, acquire for use, sell or
70 deliver for use in highway vehicles any aviation special fuel taxable under this article shall be liable for
71 the tax imposed at the rate of sixteen cents per gallon under this section, along with any penalties and
72 interest which may accrue.

73 D. Upon application to and approval by the Commissioner, any producer of synthetic diesel fuel
74 produced from coal in a county with a population between 19,000 and 51,000 as determined by the
75 1980 U.S. Census shall be subject to tax as follows:

76 1. For the first three years of production, the tax shall be three cents per gallon;

77 2. For the fourth year of production, the tax shall be nine cents per gallon;

78 3. For the fifth year of production, the tax shall be eleven and one-half cents per gallon;

79 4. For the sixth and seventh years of production, the tax shall be thirteen and one-half cents per
80 gallon;

81 5. For the eighth and ninth years of production, the tax shall be fifteen and one-half cents per gallon;
82 and

83 6. Beginning in the tenth year of production and thereafter, the tax shall be at the rate prescribed in
84 subsection A. The total number of gallons of synthetic diesel fuel and synthetic motor fuel subject to tax
85 in this subsection and subsection C of § 58.1-2105 shall not exceed twenty-five million gallons per fiscal
86 year.

87 E. Beginning January 1, 1994, and until July 1, 1998, there is hereby levied a tax at the rate
88 equivalent to ~~ten~~ fifteen cents per gallon upon all clean special fuels:

89 1. Sold or delivered by any supplier to any licensed reseller or bulk user;

90 2. Used by any supplier in any highway vehicle owned, leased, or operated by him;

91 3. Delivered by a supplier directly into the fuel supply tank of a highway vehicle; or

92 4. Acquired tax free by a reseller, bulk user, or user in this Commonwealth, for resale or use for the
93 propulsion of a highway vehicle.

94 F. On and after July 1, 1998, there shall be levied a tax upon all clean special fuels at the same rate
95 as the tax imposed upon diesel fuel as provided in subsection A of this section.

96 G. Any supplier who collects the tax on diesel fuel, aviation special fuel, and clean special fuels
97 shall be liable for the payment thereof to the Department of Motor Vehicles.

98 **2. That the net revenues generated due to the provisions of this act shall be deposited into the**
99 **Transportation Trust Fund.**