

VIRGINIA ACTS OF ASSEMBLY — CHAPTER

An Act to amend and reenact § 58.1-2201 of the Code of Virginia, relating to motor fuels tax definitions.

[H 2000]

Approved

Be it enacted by the General Assembly of Virginia:**1. That § 58.1-2201 of the Code of Virginia is amended and reenacted as follows:**

§ 58.1-2201. Definitions.

As used in this chapter, unless the context requires otherwise:

"Alternative fuel" means a combustible gas, liquid or other energy source that can be used to generate power to operate a highway vehicle and that is not a motor fuel.

"Assessment" means a written determination by the Department of the amount of taxes owed by a taxpayer. Assessments made by the Department shall be deemed to be made when a written notice of assessment is delivered to the taxpayer by the Department or is mailed by certified or registered mail to the taxpayer at the last known address appearing in the Commissioner's files.

"Aviation consumer" means any person who uses in excess of 100,000 gallons of aviation jet fuel in any fiscal year and is licensed pursuant to Article 2 (§ 58.1-2204 et seq.) of this chapter.

"Aviation fuel" means aviation gasoline or aviation jet fuel.

"Aviation gasoline" means fuel designed for use in the operation of aircraft other than jet aircraft, and sold or used for that purpose.

"Aviation jet fuel" means fuel designed for use in the operation of jet or turbo-prop aircraft, and sold or used for that purpose.

"Blended fuel" means a mixture composed of gasoline or diesel fuel and another liquid, other than a de minimus amount of a product such as carburetor detergent or oxidation inhibitor, that can be used as a fuel in a highway vehicle.

"Blender" means a person who produces blended fuel outside the terminal transfer system.

"Bonded aviation jet fuel" means aviation jet fuel held in bonded storage under United States Customs Law and delivered into a fuel supply tank of aircraft operated by certificated air carriers on international flights.

"Bonded importer" means a person, other than a supplier, who imports, by transport truck or another means of transfer outside the terminal transfer system, motor fuel removed from a terminal located in another state in which (i) the state from which the fuel is imported does not require the seller of the fuel to collect motor fuel tax on the removal either at that state's rate or the rate of the destination state; (ii) the supplier of the fuel is not an elective supplier; or (iii) the supplier of the fuel is not a permissive supplier.

"Bulk plant" means a motor fuel storage and distribution facility that is not a terminal and from which motor fuel may be removed at a rack.

"Bulk user" means a person who maintains storage facilities for motor fuel and uses part or all of the stored fuel to operate a highway vehicle, watercraft, or aircraft.

"Bulk user of alternative fuel" means a person who maintains storage facilities for alternative fuel and uses part or all of the stored fuel to operate a highway vehicle.

"Commercial watercraft" means a watercraft employed in the business of commercial fishing, transporting persons or property for compensation or hire, or any other trade or business unless the watercraft is used in an activity of a type generally considered entertainment, amusement, or recreation.

"Commissioner" means the Commissioner of the Department of Motor Vehicles.

"Corporate or partnership officer" means an officer or director of a corporation, partner of a partnership, or member of a limited liability company, who as such officer, director, partner or member is under a duty to perform on behalf of the corporation, partnership, or limited liability company the tax collection, accounting, or remitting obligations.

"Department" means the Department of Motor Vehicles, acting directly or through its duly authorized officers and agents.

"Designated inspection site" means any state highway inspection station, weigh station, agricultural inspection station, mobile station, or other location designated by the Commissioner to be used as a fuel inspection site.

"Destination state" means the state, territory, or foreign country to which motor fuel is directed for delivery into a storage facility, a receptacle, a container, or a type of transportation equipment for the

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57 purpose of resale or use. The term shall not include a tribal reservation of any recognized Native
58 American tribe.

59 "Diesel fuel" means any liquid that is suitable for use as a fuel in a diesel-powered highway vehicle
60 or watercraft. The term shall include *undyed* #1 fuel oil; *and undyed* #2 fuel oil; ~~and kerosene~~, but shall
61 not include gasoline or aviation jet fuel.

62 "Distributor" means a person who acquires motor fuel from a supplier or from another distributor for
63 subsequent sale.

64 "Dyed diesel fuel" means diesel fuel that meets the dyeing and marking requirements of 26 U.S.C.
65 § 4082.

66 "Elective supplier" means a supplier who (i) is required to be licensed in the Commonwealth and (ii)
67 elects to collect the tax due the Commonwealth on motor fuel that is removed at a terminal located in
68 another state and has Virginia as its destination state.

69 "End seller" means the person who sells fuel to the ultimate user of the fuel.

70 "Export" means to obtain motor fuel in Virginia for sale or other distribution in another state,
71 territory, or foreign country. Motor fuel delivered out-of-state by or for the seller constitutes an export
72 by the seller, and motor fuel delivered out-of-state by or for the purchaser constitutes an export by the
73 purchaser.

74 "Fuel" includes motor fuel and alternative fuel.

75 "Fuel alcohol" means methanol or fuel grade ethanol.

76 "Fuel alcohol provider" means a person who (i) produces fuel alcohol or (ii) imports fuel alcohol
77 outside the terminal transfer system by means of a marine vessel, a transport truck, or a railroad tank
78 car.

79 "Gasohol" means a blended fuel composed of gasoline and fuel grade ethanol.

80 "Gasoline" means (i) all products that are commonly or commercially known or sold as gasoline and
81 are suitable for use as a fuel in a highway vehicle, aircraft, or watercraft, other than products that have
82 an American Society for Testing Materials octane number of less than seventy-five as determined by the
83 motor method; (ii) a petroleum product component of gasoline, such as naphtha, reformat, or toluene;
84 (iii) gasohol; and (iv) fuel grade ethanol. The term does not include aviation gasoline sold for use in an
85 aircraft engine.

86 "Governmental entity" means (i) the Commonwealth or any political subdivision thereof or (ii) the
87 United States or its departments, agencies, and instrumentalities.

88 "Gross gallons" means an amount of motor fuel measured in gallons, exclusive of any temperature,
89 pressure, or other adjustments.

90 "Heating oil" means any combustible liquid, including but not limited to *dyed* #1 fuel oil, *dyed* #2
91 ~~dyed~~ fuel oil, and kerosene, that is burned in a boiler, furnace, or stove for heating or for industrial
92 processing purposes.

93 "Highway" means every way or place of whatever nature open to the use of the public for purposes
94 of vehicular travel in the Commonwealth, including the streets and alleys in towns and cities.

95 "Highway vehicle" means a self-propelled vehicle designed for use on a highway.

96 "Import" means to bring motor fuel into Virginia by any means of conveyance other than in the fuel
97 supply tank of a highway vehicle. Motor fuel delivered into Virginia from out-of-state by or for the
98 seller constitutes an import by the seller, and motor fuel delivered into Virginia from out-of-state by or
99 for the purchaser constitutes an import by the purchaser.

100 "In-state-only supplier" means (i) a supplier who is required to have a license and who elects not to
101 collect the tax due the Commonwealth on motor fuel that is removed by that supplier at a terminal
102 located in another state and has Virginia as its destination state or (ii) a supplier who does business only
103 in Virginia.

104 "Licensee" means any person licensed by the Commissioner pursuant to Article 2 (§ 58.1-2204 et
105 seq.) of this chapter or § 58.1-2244.

106 "Liquid" means any substance that is liquid above its freezing point.

107 "Motor fuel" means gasoline, diesel fuel, blended fuel, and aviation fuel.

108 "Motor fuel transporter" means a person who transports motor fuel outside the terminal transfer
109 system by means of a transport truck, a railroad tank car, or a marine vessel.

110 "Net gallons" means the amount of motor fuel measured in gallons when adjusted to a temperature of
111 sixty degrees Fahrenheit and a pressure of 14.7 pounds per square inch.

112 "Occasional importer" means any person who (i) imports motor fuel by any means outside the
113 terminal transfer system and (ii) is not required to be licensed as a bonded importer.

114 "Permissive supplier" means an out-of-state supplier who elects, but is not required, to have a
115 supplier's license under this chapter.

116 "Person" means any individual; firm; cooperative; association; corporation; limited liability
117 corporation; trust; business trust; syndicate; partnership; limited liability partnership; joint venture;

receiver; trustee in bankruptcy; club, society or other group or combination acting as a unit; or public body, including but not limited to the Commonwealth, any other state, and any agency, department, institution, political subdivision or instrumentality of the Commonwealth or any other state.

"Position holder" means a person who holds an inventory position of motor fuel in a terminal, as reflected on the records of the terminal operator. A person holds an "inventory position of motor fuel" when he has a contract with the terminal operator for the use of storage facilities and terminaling services for fuel at the terminal. The term includes a terminal operator who owns fuel in the terminal.

"Principal" means (i) if a partnership, all its partners; (ii) if a corporation, all its officers, directors, and controlling direct or indirect owners; (iii) if a limited liability company, all its members; and (iv) or an individual.

"Provider of alternative fuel" means a person who (i) acquires alternative fuel for sale or delivery to a bulk user or a retailer; (ii) maintains storage facilities for alternative fuel, part or all of which the person sells to someone other than a bulk user or a retailer to operate a highway vehicle; (iii) sells alternative fuel and uses part of the fuel acquired for sale to operate a highway vehicle by means of a fuel supply line from the cargo tank of the vehicle to the engine of the vehicle; or (iv) imports alternative fuel into Virginia, by a means other than the usual tank or receptacle connected with the engine of a highway vehicle, for sale or use by that person to operate a highway vehicle.

"Rack" means a facility that contains a mechanism for delivering motor fuel from a refinery, terminal, or bulk plant into a transport truck, railroad tank car, or other means of transfer that is outside the terminal transfer system.

"Refiner" means any person who owns, operates, or otherwise controls a refinery.

"Refinery" means a facility for the manufacture or reprocessing of finished or unfinished petroleum products usable as motor fuel and from which motor fuel may be removed by pipeline or marine vessel or at a rack.

"Removal" means a physical transfer other than by evaporation, loss, or destruction. A physical transfer to a transport truck or other means of conveyance outside the terminal transfer system is complete upon delivery into the means of conveyance.

"Retailer" means a person who (i) maintains storage facilities for motor fuel and (ii) sells the fuel at retail or dispenses the fuel at a retail location.

"Retailer of alternative fuel" means a person who (i) maintains storage facilities for alternative fuel and (ii) sells the fuel at retail or dispenses the fuel at a retail location.

"Supplier" means (i) a position holder, (ii) a person who receives motor fuel pursuant to a two-party exchange, or (iii) a fuel alcohol provider. A licensed supplier includes a licensed elective supplier and licensed permissive supplier.

"System transfer" means a transfer (i) of motor fuel within the terminal transfer system or (ii) of fuel grade ethanol by transport truck or railroad tank car.

"Tank wagon" means a straight truck or straight trucktrailer combination designed or used to carry fuel and having a capacity of less than 6,000 gallons.

"Terminal" means a motor fuel storage and distribution facility (i) to which a terminal control number has been assigned by the Internal Revenue Service, (ii) to which motor fuel is supplied by pipeline or marine vessel, and (iii) from which motor fuel may be removed at a rack.

"Terminal operator" means a person who owns, operates, or otherwise controls a terminal.

"Terminal transfer system" means a motor fuel distribution system consisting of refineries, pipelines, marine vessels, and terminals, and which is a "bulk transferterminal system" under 26 C.F.R. Part 48.4081-1.

"Transmix" means (i) the buffer or interface between two different products in a pipeline shipment or (ii) a mix of two different products within a refinery or terminal that results in an off-grade mixture.

"Transport truck" means a tractor truck/semitrailer combination designed or used to transport cargoes of motor fuel over a highway.

"Trustee" means a person who (i) is licensed as a supplier, an elective supplier, or a permissive supplier and receives tax payments from and on behalf of a licensed or unlicensed distributor, or other person pursuant to § 58.1-2231 or (ii) is licensed as a provider of alternative fuel and receives tax payments from and on behalf of a bulk user of alternative fuel, retailer of alternative fuel or other person pursuant to § 58.1-2252.

"Two-party exchange" means a transaction in which fuel is transferred from one licensed supplier to another licensed supplier pursuant to an exchange agreement, which transaction (i) includes a transfer from the person who holds the inventory position in taxable motor fuel in the terminal as reflected on the records of the terminal operator and (ii) is completed prior to removal of the product from the terminal by the receiving exchange partner.

"Undyed diesel fuel" means diesel fuel that is not subject to the United States Environmental Protection Agency or Internal Revenue Service fuel-dyeing requirements.

179 "Use" means the actual consumption or receipt of motor fuel by any person into a highway vehicle,
180 aircraft, or watercraft.

181 "Watercraft" means any vehicle used on waterways.

182 **2. That the provisions of this act shall be retroactively effective on January 1, 2001.**