

MOTOR FUEL/SPECIAL FUEL TAX

STATUTORY PROVISION: Title 30, Delaware Code, Chapter 51.

COLLECTION/ADMINISTRATIVE AGENCY: The motor fuel and special fuel excise tax is administered and collected by the Department of Transportation, Motor Fuel Tax Administration.

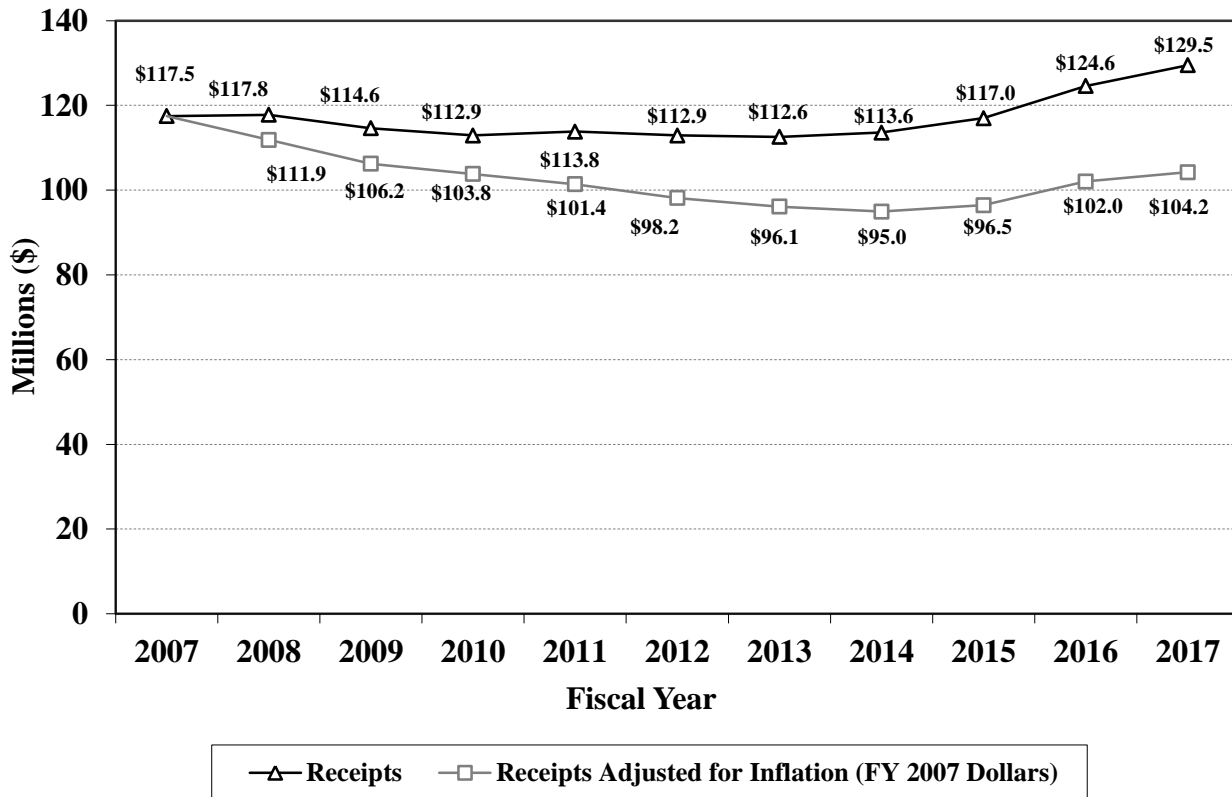
GENERAL LIABILITY: Delaware imposes an excise tax on each gallon of gasoline sold or used in the State. The tax is collected by and paid to the State by licensed distributors. An excise tax is also imposed on the retail sale or use of special fuel, which includes all combustible gases and liquids suitable for the propulsion of motor vehicles, except gasoline. The special fuel tax is collected by and paid to the State by licensed users, dealers, or suppliers.

TAX RATES: The tax rate on motor fuels is 23¢ per gallon; 22¢ per gallon on special fuels.

GASOLINE TAX REFUNDS: The gasoline tax is refundable upon application, for off-highway use such as fuelings for boat, airplane, lawn equipment, and farming equipment use (Form MFT-4).

TAX RECEIPTS

Motor Fuel/Special Fuel Tax



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LEGISLATIVE HISTORY

Approved Date	Effective Date	Description of Changes
7/23/70	7/23/70	Shifted tax collection and administration responsibilities to the Department of Finance from the Highway Department (57 Del. Laws c 741).
7/30/71	8/1/71	Increased the gasoline tax rate to 8 cents per gallon, from 7 cents (58 Del. Laws c 289; HB 505).
7/17/73	8/1/73	Shifted tax collection and administration responsibilities to the Department of Public Safety from the Department of Finance (59 Del. Laws c 216; HB 444).
7/19/73	8/1/73	Instituted a temporary gasoline tax rate increase to 9 cents per gallon, from 8 cents (59 Del. Laws c 218; HB 550).
6/30/74	6/30/74	Made permanent the temporary 9 cent per gallon gasoline tax (59 Del. Laws c 416; HB 978).
3/27/75	4/1/75	Increased the special fuels' rate to 9 cents per gallon, from 8 cents (60 Del. Laws c 14; HB 130).
6/8/77	7/1/77	Instituted a temporary increase in the gasoline and special fuel tax to 11 cents per gallon (61 Del. Laws c 74; HB 157).
6/8/77	9/1/78	Reduced the gasoline and special fuel tax to 9 cents per gallon, from 11 cents.
7/24/81	8/1/81	Raised the gasoline and special fuel rate to 11 cents per gallon, from 9 cents (63 Del. Laws c 179).
7/17/84	7/17/84	Increased the maximum bonding requirement to \$50,000, the retail license fee to \$5, the distributor license to \$10, and the special fuel license to \$10 (65 Del. Laws c 365 and 368; HB 643 and HB 647).
7/2/87	9/1/87	Increased the gasoline and special fuel tax rate to 16 cents per gallon (66 Del. Laws c 87; HB 371).
7/8/87	7/8/87	Increased the maximum surety bond to \$100,000 (66 Del. Laws c 97; HB 165).
6/17/88	6/17/88	Transferred jurisdiction for licensing violations to the Justice of Peace Courts, from the Superior Court System (66 Del. Laws c 273; HB 166).
7/2/90	1/1/91	Increased the tax on gasoline and special fuels to 19 cents per gallon, from 16 cents (67 Del. Laws c 582; HB 777).
7/2/90	7/2/90	Permitted payment of tax via hand delivery and electronic funds transfer. Increased the penalties on gasoline distributors, special fuel licensees, and motor carriers for failure to file reports or pay tax (67 Del. Laws c 340; HB 562).
7/1/92	7/1/92	Transferred the Division of Motor Fuel Tax, and its tax administration responsibilities, to the Department of Transportation (from the Department of Public Safety) (68 Del. Laws c 290;

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<u>Approved Date</u>	<u>Effective Date</u>	<u>Description of Changes</u>
		SB 444).
7/1/93	9/1/93	Increased the motor fuel tax rate to 22 cents per gallon (was 19 cents), but left the special fuel tax unchanged at 19 cents per gallon (69 Del. Laws c 77; HB 350).
7/1/93	1/1/95	Increased the motor fuel tax rate to 23 cents per gallon, and the special fuel tax rate to 22 cents per gallon, from 22 cents and 19 cents, respectively (69 Del. Laws c 77; HB 350).
7/29/93	10/29/93	Specified that "special fuel" does not include combustible gases and liquids which, prior to January 1, 1996, were used in a program to determine commercial feasibility of alternatively-fueled vehicles. The number of vehicles involved in the programs, must not exceed 10 vehicles or 10% of the taxpayer's vehicles, whichever is greater (69 Del. Laws c 171; HB 51).
3/22/96	7/1/96	Increased the minimum and maximum surety bond amounts as follows: minimum special fuel bond from \$500 to \$5000; maximum special fuel bond from \$100,000 to \$200,000; minimum motor fuel bond from \$1,000 to \$5,000; maximum motor fuel bond from \$100,000 to \$200,000 (70 Del. Laws c 311; HB 311).
7/17/98	7/17/98	Prohibited the use of dyed diesel fuel on highways: imposed penalties for violations (71 Del. Laws c 459; HB 669).
6/29/10	7/15/10	Responsibility for oversight of retail dealers was transferred to the Department of Agriculture as part of the Governor's initiative to better optimize resources and minimize the number of unnecessary compliance visits. (77 Del. Laws c 394; SB219).

LICENSE, BOND, FILING PROCEDURES - GASOLINE

Gasoline Retailers License: A gasoline retailer (service station) must register with the Motor Fuel Tax Administration to engage in the retail sale of gasoline. There is no registration fee and no reporting is required.

Gasoline Distributor's License: A gasoline distributor must obtain an annual license from the Motor Fuel Tax Administration to import and/or export, use, sell, distribute, or manufacture gasoline in Delaware. The license fee is \$10.00, and the license application (Form MFT-2) must be renewed before July 1st of each year.

The distributor's monthly report (Form MFT-1), with remittance, is to be filed on or before the 25th day of the month for the preceding month's sales. This report shows the gasoline inventories, receipts, disbursements and amount of tax remitted to the State. Companies or firms with \$20,000 or more in combined motor fuel/special fuel tax liability must remit their tax payments electronically.

Any gasoline distributor must obtain a surety bond (Form MFT-3) in the amount of a three (3) month's tax liability (minimum \$5,000, maximum of \$200,000) before a license can be issued. Gasoline distributors also must obtain a wholesaler's license from the Division of Revenue.

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LICENSE, BOND, FILING PROCEDURES - SPECIAL FUEL

Special Fuel Supplier License: A Special Fuel Supplier is defined as any person in the business of handling or selling special fuel who delivers or places such fuel into a bulk supply tank or tanks of a special fuel user or special fuel dealer. Any business entities intending to operate as a Special Fuel Supplier must obtain a license from the Division.

In addition to the non-refundable \$10.00 application fee, a surety bond must be posted, in accordance with guidelines specified by 30 Del C c.51 §5134(d). The license must be renewed yearly, and is valid 12 months from July 1 - June 30.

Upon issuance of a Supplier's license, the licensee must file a monthly tax return, identifying all taxable and non-taxable receipts and distributions of special fuel (as defined by 30 Del C c. 51 §5131(4)). These returns must be filed by the 25th of the month following the month in which activity occurs (or the next business day, if the 25th falls on a weekend or holiday).

Special Fuel Dealer's License: Persons or firms that handle special fuels at retail, or that deliver fuel into supply tanks of motor vehicles they do not own, must obtain a special fuel dealer's license from the Motor Fuel Tax Administration, unless they pay the applicable tax to their supplier(s). A license is required for each separate place of business or location where special fuels are stored or placed into motor vehicles' fuel supply tanks. The monthly tax report (Form SF-4), totalizer report (Form SF-24), and tax remittance must be submitted on or before the 25th day of each month for the preceding month's sales. In addition, each special fuel dealer must obtain a retailer's license from the Division of Revenue.

Special Fuel User's License: Persons or firms that place special fuel into their own motor vehicle(s), from any source other than a licensed dealer or supplier, must obtain a special fuel user's license from the Motor Fuel Tax Administration. A license is required for each separate place of business or location where special fuels are stored. Any person who is both a user and a dealer of special fuel must obtain both the user's and dealer's licenses. Users must make a monthly tax report (Form SF-4) and tax remittance on or before the 25th day of each month, for the preceding month's use.

Special Fuel License Fees: The annual license fee for any special fuel license is \$10.00. The corresponding license application (Form SF-1) must be renewed before July 1st of each year. A surety bond (Form SF-3) in the amount of three (3) month's tax liability--not less than \$5,000, but not more than \$200,000--is required before a license can be issued.