

During the 2013 Session of the Virginia General Assembly, House Bill 2313 was passed which impacts the Virginia Fuels Tax Act and the Motor Vehicle Fuels Sales Tax Act. Highlights of the bill that will be effective July 1, 2013, are listed below.

VIRGINIA FUELS TAX ACT

DEFINITIONS

The following definitions have been added or modified.

"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 neither a motor fuel nor electricity used to recharge an electric motor vehicle or a hybrid electric motor vehicle.

"Alternative fuel vehicle" means a vehicle equipped to be powered by a combustible gas, liquid, or other source of energy that can be used to generate power to operate a highway vehicle and that is neither a motor fuel nor electricity used to recharge an electric motor vehicle or a hybrid electric motor vehicle.

"Hybrid electric motor vehicle" means a motor vehicle that uses electricity and another source of motive power.

"Wholesale price" means the price at the rack.

TAX RATES

Gasoline and Diesel

Beginning July 1, 2013, the seventeen and one-half cents per gallon tax on gasoline, gasohol and diesel will be replaced with new fuel tax rates that will fluctuate every January and July. The gasoline rate will be 3.5 percent of the statewide average wholesale price of a gallon of unleaded regular gasoline for the applicable base period. The diesel rate will be six percent of the statewide average wholesale price of a gallon of diesel fuel for the applicable base period.

In computing the average wholesale price of a gallon of unleaded regular gasoline and the average wholesale price of a gallon of diesel, the Commissioner shall use the period from December 1 through May 31 as the base period for such determination for the immediately following period beginning July 1 and ending December 31, inclusive. The period from June 1 through November 30 shall be the next base period for the immediately following period beginning January 1 and ending June 30, inclusive. In no case shall the average wholesale price be less than the statewide average wholesale price of a gallon of unleaded regular gasoline or diesel on February 20, 2013, which was \$3.17 and \$3.36, respectively.

For the determination period of Dec 1, 2012 through May 31, 2013, the average wholesale price for gasoline was \$2.81 and the average wholesale price for diesel was \$3.10. Based on this data, the February 20, 2013 pricing shall be used for the tax period beginning July 1, 2013. Based on the established tax rates, the assessment on gasoline is 11.1 cents per gallon and the assessment on diesel is 20.2 cents per gallon. This tax is assessed and collected at the wholesale (rack) level.

Tax rates are posted on www.dmvnow.com. Continue to check out the website for new information.

COMING SOON!!!!

RSS Feeds- a way to get the rates faster.

TAX ON ALTERNATIVE FUELS AND ALTERNATIVE FUELS VEHICLES

Alternative fuels will continue to be taxed at the gasoline rate after it is converted to the Gasoline Gallon Equivalent (GGE). Check out www.dmvnow.com for assistance with converting alternative fuels to GGE.

The Bill modifies this section as follows for alternative fuels vehicles.

- 1) Increases the annual license tax per vehicle from \$50 to \$64 when the vehicle is registered.
- 2) Continues to impose the annual license tax on electric vehicles and extends the tax to hybrid electric motor vehicles and alternative fuel vehicles.
- 3) Excludes the following from the license tax: any vehicle that is subject to the bulk alternative fuels tax, is subject to the federal excise tax, is a moped, or is registered under the International Registration Plan.

FUELS TAX REFUNDS ON DIESEL PASSENGER VEHICLES

Any person purchasing diesel fuel used in operating or propelling a passenger car, a pickup or panel truck, or a truck having a gross vehicle weight rating of 10,000 pounds or less is entitled to a refund of a portion of the taxes paid in an amount equal to the difference between the rate of tax on diesel fuel and the rate of tax on gasoline at the time of purchase. "Passenger car," "pickup or panel truck," and "truck" are defined as follows.

"Passenger car" means every motor vehicle other than a motorcycle designed and used primarily for the transportation of no more than 10 persons including the driver.

"Pickup or panel truck" means every motor vehicle designed for the transportation of property and having a registered gross weight of 7,500 pounds or less.

"Truck" means every motor vehicle designed to transport property on its own structure independent of any other vehicle and having a registered gross weight in excess of 7,500 pounds.

Apply online at www.dmvnow.com for a refund if you purchase diesel fuel for any of the qualifying vehicles.

TAX ON FUEL IN INVENTORY

A one-time tax will be imposed on all licensed distributors as of the business day proceeding July 1, 2013. This tax will be imposed on gasoline, gasohol, and diesel held in storage by a licensed distributor at the close of business. The tax will be payable by the licensed distributor and calculated using the inventory reported on the June 2013 Distributor's Motor Fuel Tax Return.

Basically, the amount of the tax liability shall be determined separately for gasoline and gasohol and for diesel fuel. Each fuel type shall be calculated as the difference between the tax rate specified for the type of fuel as of June 30, 2013 and the tax rate specified for that type of fuel on July 1, 2013, multiplied by the number of gallons of that type of fuel in storage as of the close of the business day preceding July 1, 2013. The liability will be adjusted for dead storage. If the net amount results in a liability, the distributor shall remit that amount to the Department no later than January 1, 2014. If the net amount results in a refund, DMV will issue a refund beginning October 2013.

MOTOR VEHICLE FUELS SALES TAX ACT

During the 2012 Session of the Virginia General Assembly, Senate Bill 503 passed that transferred the administration and collection of the 2.1 % Fuels Wholesale Sales Tax (Wholesale Sales Tax) for the Northern Virginia area from the Department of Taxation (TAX) to the Department of Motor Vehicles (DMV) effective **July 1, 2013**. During the 2013 session, House Bill 2313 added the 2.1 Percent Fuels Wholesale Sales Tax for the Hampton Roads Planning District Commission's jurisdictions. This is also effective **July 1, 2013**.

The Wholesale Sales Tax is a 2.1% tax on fuels sold/delivered to retail dealers and end users in the Hampton Roads Planning District Commission's jurisdictions. This tax is based on the sales price of the fuels and is in addition to all other taxes on fuels. Persons selling fuels are required to be registered as a Wholesale Distributor, collect the wholesale sales tax from the purchaser and remit such tax to DMV.

The Wholesale Sales Tax for the Hampton Roads Planning District Commission is comprised of the following counties and cities.

- Counties of: Isle of Wight, James City, Southampton, York.
- Cities of: Chesapeake, Franklin, Hampton, Newport News, Norfolk, Portsmouth, Poquoson, Suffolk, Virginia Beach, Williamsburg.

NOTE: Counties of Gloucester and Surry are not included.

CONTACTS

FUELS TAX information can be found under **COMMERCIAL SERVICES** on www.dmvnow.com.

If you have any questions about any information in this document, contact Department of Motor Vehicles Tax Services.

- Director of Tax Services
Tammy.West@dmv.virginia.gov
(804) 367-0883
- Deputy Director of Fuels Tax
Latrice.Ampy@dmv.virginia.gov
(804) 367-8444
- Deputy Director of Wholesale Sales Tax, Special Collections and Refunds
Betty.Jessie@dmv.virginia.gov
(804) 367-4329