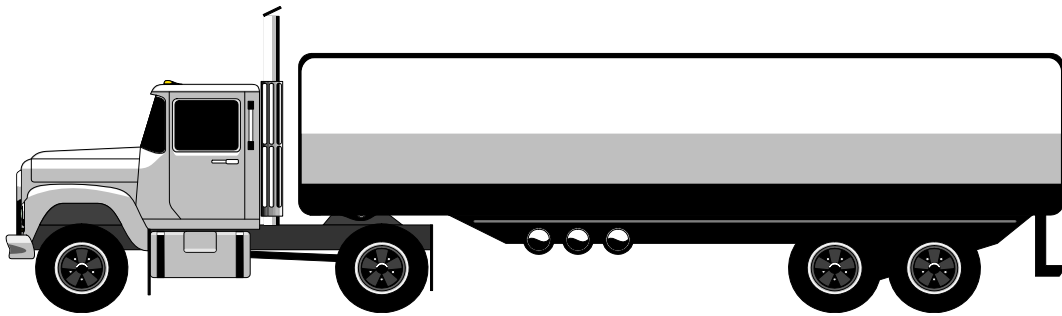


# Mississippi

## Department of Revenue Petroleum Tax Bureau



## Information Bulletin

Revised 04/2008

## MISSISSIPPI DEPARTMENT OF REVENUE

Mail Address:

Location:

P. O. Box 1033  
Jackson, Ms 39215

1577 Springridge Road  
Raymond, MS 39154-9602

### **PETROLEUM TAX BUREAU**

George L. Higdon, Director  
Petroleum Tax Bureau  
Phone (601) 923-7150

Bill Kron, Tax Specialist  
Petroleum Tax Bureau  
Phone (601) 923-7152

Fax: (601) 923-7165  
E-Mail: [petroleu@mstc.state.ms.us](mailto:petroleu@mstc.state.ms.us)

# Petroleum Products Distributors

## Definition and Requirements

A distributor is any person who receives, imports, acquires, purchases, sells or distributes any taxable petroleum product (gasoline, ethanol, aviation gasoline, dyed diesel fuel, undyed diesel fuel, kerosene, fuel oil, bio-diesel or jet fuel, compressed gas or lubricating oil [motor oil]) on which the petroleum excise taxes have not been paid or any person engaged in business as a refiner, blender, marine terminal or pipeline terminal operator, any person who exports Special Fuel (dyed diesel fuel, undyed diesel fuel, kerosene, fuel oil, bio-diesel or jet fuel), or any person engaged in the distribution of Special Fuel by tank car, tank truck or both or any person licensed to sell gasoline or diesel fuel in another state or jurisdiction who is authorized by that state or jurisdiction to collect the Mississippi Gasoline Taxes and Diesel Fuel Taxes. Such person is required to obtain distributor's permits from the Department of Revenue before engaging in business and to post a bond in an amount to be determined by the Department.

A "refiner" is any person who manufactures finished petroleum products from crude oil, unfinished oils, natural gas liquids, other hydrocarbons or alcohol.

A "blender" is any person other than a refiner who blends blend stock with gasoline or who sells or distributes blend stock for the purpose of being blended with gasoline.

"Blend Stock" is defined as ethanol, methanol or any other products blended with gasoline to produce motor fuel.

"Destination State Tax" This occurs when a state requires that on products exported to another state the destination state's motor fuel taxes be collected in order for the position holder in the terminal (seller) or exporter to be exempt from the originating state's motor fuel taxes.

The State of Tennessee does not allow an exemption from the Tennessee Motor Fuel tax on automotive gasoline or undyed diesel fuel exported from Tennessee to another state unless the position holder (seller) at the Tennessee terminal collected the destination state's motor fuel tax. This means that Mississippi tax should be collected on Gasoline and undyed diesel fuel imported into Mississippi from Tennessee.

The State of Louisiana does not allow an exemption from the Louisiana Motor Fuel tax on automotive gasoline or undyed diesel fuel exported from Louisiana to another state unless the position holder (seller) at the Louisiana terminal collected the destination state's motor fuel tax. Also, Louisiana requires terminal position holders to collect Mississippi's tax on aviation gasoline, dyed diesel and jet fuel. This means that Mississippi tax should be collected on gasoline, aviation gasoline, undyed diesel fuel, dyed diesel fuel and jet fuel imported into Mississippi from Louisiana.

Every person holding a distributor's permit shall file a monthly tax report and shall remit all taxes due. A report is required each month even if there is no tax liability. All reports are to be filed on or before the 20th day of the following month, except when the due date falls on a weekend or holiday, in which case such reports and

payments must be filed by the first working day following the due date in order to be considered timely. A penalty in the amount of 10% of the tax liability is due on all late reports. When a report is not filed, the Department is authorized by law to make tax assessments based on estimated liability.

Any person other than a common or contract carrier bringing gasoline in quantities exceeding 50 gallons or Special Fuel (diesel fuel, kerosene, jet fuel and fuel oil) in quantities exceeding 500 gallons into this State is required to give notice to the Department of Revenue of his intention to import such product.

Notice shall be given by:

- Completing a Mississippi Import Notice form and contacting an inspection station operated by the Mississippi Department of Transportation to report the shipment and obtaining a registration number before the gasoline and/or Special Fuel is brought into the State. This number must be written on both copies of the import notice form and both copies carried on the truck. The identification number assigned by the officer is proof that the proper notice was given to the Department of Revenue. The original (white) copy of the import notice must either be surrendered at an inspection station or mailed to the Department of Revenue or by
- Accessing the web site provided by the Mississippi Department of Transportation (MDOT), registering the shipment and printing the Import Notice Form. A copy of the electronically submitted notice is required to be carried in the truck or the assigned registration number written on an Import Notice form. A copy of the electronic submitted notice is not required to be mailed to the Department of Revenue.

## **ELECTRONIC FILING**

Electronic filing of Gasoline Tax, Special Fuel Tax, Compressed Gas Tax, Lubricating Oil Tax, Seawall Tax, Contractors Special Fuel Tax and the Environmental Protection Fee reports and electronic payment of taxes by ACH Debit are made by submitting encrypted data through the Internet using a secured web site.

## **GASOLINE**

An eighteen cents (18¢) per gallon excise tax is levied on all gasoline, except aviation gasoline, and blend stock stored, sold, distributed, refined, blended, compounded, or received in this State for sale, use on the highways or for any other purpose. A six and four-tenths cents (6.4¢) per gallon excise tax is levied on aviation gasoline which is defined as gasoline manufactured according to ASTM-D910 specifications, for exclusive use in piston engine aircraft.

The tax accrues when:

- A. Gasoline is withdrawn from storage at a refinery for sale or distribution in the State.
- B. Gasoline is unloaded from a barge or withdrawn from a common carrier pipeline and placed in storage at a marine or pipeline terminal.
- C. Gasoline that is imported by common carrier is unloaded by that carrier.

- D. Gasoline that is imported by a person using any means other than a common carrier enters the State.
- E. Gasoline is purchased or received tax free by any person.
- F. Blend stock is blended with gasoline.

All exemptions from the full tax rate other than gasoline exported to another State or gasoline sold to the United States Government for the exclusive use of the Armed Forces and delivered in quantities of not less than 4,000 gallons, must be approved by the Department of Revenue before a deduction for the exemption may be taken. The full amount of the excise tax on such gasoline must be paid to the Department of Revenue before the exemption claim is submitted.

Gasoline is subject to an exemption of the full amount of the tax when:

- A. It is sold or delivered by a permitted distributor to another permitted distributor. The third distributor receiving the gasoline must pay the tax and cannot sell the gasoline tax free to another distributor.
- B. Sold to the Armed Forces in quantities of four thousand (4,000) gallons or more.
- C. Sold to a refinery or processor.
- D. Exported to another State.

Exemptions for gasoline sold to the United States Government for the exclusive use of the Armed Forces and delivered in quantities of four thousand gallons or more may be deducted, without the prior approval of the Department of Revenue, in the same month that the transaction occurs. Proof of the exemption i.e., copies of the invoices must be submitted with the exemption claim otherwise the exemption will be disallowed.

Exemptions for gasoline exported to another State may be deducted, without the prior approval of the Department of Revenue, in the same month that the transaction occurs. Proof of export, i.e., certification of payment of taxes to the State to which the gasoline was exported must be submitted within 90 days otherwise the exemption will be disallowed.

Gasoline sold to the United States Government, the State of Mississippi, counties, municipalities, school districts and all other political subdivisions of the State is exempt from five and four-tenths cents (5.4¢) per gallon of the gasoline tax. The exemption may be deducted without the prior approval of the Department of Revenue.

### **Reporting Requirements**

Automotive gasoline and aviation gasoline should be reported on separate schedules.

### Receipts Schedules

Schedule 1 "Tax Paid Purchases" All purchases of gasoline on which the supplier has charged Mississippi tax should be listed on this schedule.

Schedule 2 “Gallons Placed in Storage in Marine (Barge) Terminals and in Pipeline Terminals” All gasoline received in marine (barge) terminals and in pipeline terminals should be listed on this schedule.

Schedule 2A “Gallons Received from Terminals, Refineries, or Distributors Origin Tax Unpaid” All gasoline pulled from terminals or refineries in Mississippi on which Mississippi tax is not charged by the supplier should be listed on this schedule. Do not include exchanges of gasoline in a terminal or exchanges at the terminal rack which are reported on Schedule 2X

Schedule 2B “Gallons Received Tax Unpaid Blend Stock (ethanol, methanol etc.)” All ethanol, methanol or other products blended with gasoline should be listed on this schedule.

Schedule 2C “Gallons Imported Tax Unpaid” All gasoline imported into Mississippi by transport truck or rail tank car on which Mississippi tax is not charged by the supplier should be listed on this schedule.

Schedule 2X “Gallons Received from Suppliers on Exchange Tax Unpaid and Resold Tax Unpaid” All gasoline acquired tax free from another licensed distributor and resold tax free to another licensed distributor should be listed on this schedule. This includes bulk exchanges of gasoline in a terminal and exchanges of gasoline at the terminal rack.

Schedule 5B “Gallons Imported – Sold Tax Collected to Non-licensed Distributors, Retailers, or Bulk End-Users” All gasoline delivered from out of state locations and sold with tax collected to non-licensed distributors, retail dealers or end users.

Schedule 5D “Gallons Sold Destination State Tax Collected to Licensed Distributors” All gasoline originating in Tennessee or Louisiana sold to Mississippi Licensed Distributors with Mississippi tax collected.

#### Gasoline (Exemptions) Disbursements Schedules

Schedule 6D “Gallons Sold to Licensed Distributors Tax not Collected” All gasoline sold tax free to licensed distributors should be listed on this schedule. Do not include gasoline reported on Schedule 2X. This schedule should be filed with the Gasoline Tax Report; however, the number of gallons, from the previous month, approved by the Department of Revenue should be deducted.

Schedule 7 “Gallons Exported to Other States:” All gasoline exported to another state should be reported on this schedule.

Schedule 8 “Gallons Delivered to Armed Forces Tax Free” All gasoline sold for the exclusive use of the Armed Forces and delivered on quantities of 4,000 gallons or more should be listed on this schedule.

Schedule 13H “Gallons Sold to Governmental Entities – Partial Exemption:” All gasoline sold to governmental entities except gasoline sold for the exclusive use of the Armed Forces and delivered on quantities of 4,000 gallons or more should be listed on this schedule. Sales from retail locations may be reported as a total.

#### **Ethanol**

The Mississippi Gasoline Tax Law includes ethanol in its definition of “blend stock”. A “blender” is defined as any person or entity that either blends “blend stock” with gasoline or who sells or distributes blend stock for the purpose of being blended with gasoline. The definition of Distributor of Gasoline included “blenders”.

Therefore any person blending ethanol with gasoline or selling ethanol for the purpose of being blended with gasoline is required to obtain a Gasoline Distributors Permit and is subject to all requirements imposed on distributors of gasoline.

The Mississippi Gasoline Tax Law levies a tax of 18 cents per gallon on all gasoline and “blend stock” stored, sold, distributed, manufactured, refined, distilled, blended or compounded in this state or received in this state for sale, use on the highways, storage, distribution or for any purpose.

In addition, The Mississippi Gasoline Tax Law provides:

- The tax levied herein shall accrue on “blend stock” at the time it is blended with gasoline.
- The blender shall pay to the Department of Revenue the tax levied herein when “blend stock” is sold or delivered to persons who do not hold gasoline distributors permits.
- The blender shall report to the Department of Revenue all sales and deliveries of “blend stock” to bonded distributors of gasoline.
- The bonded distributor of gasoline who purchases, receives or acquires “blend stock” from a blender in this state shall report such “blend stock” and pay the tax levied herein.

This means the 18 cent per gallon Gasoline Tax is due upon all ethanol manufactured, distilled, stored, distributed or sold in Mississippi. In addition, the seller is required to pay the tax on all sales and deliveries to persons not licensed as Gasoline Distributors in this state and to report to the Department of Revenue all sales and deliveries to persons licensed as Gasoline Distributors.

Any person selling ethanol in this state for the purpose of being blended with gasoline is required to report such sales in the manner set forth below.

Ethanol sold to persons not licensed as Gasoline Distributors should be reported on Schedule 2B using Product Code 123.

Ethanol sold for export from the State of Mississippi should be reported on Schedule 2B and on Schedule 7 (exports) using Product Code 123.

Ethanol sold to persons holding Mississippi Gasoline Distributors Permits should be reported on Schedule 2X using Product Code 123.

Ethanol purchased, received or otherwise acquired by anyone holding a Mississippi Gasoline Distributors Permit should be reported on Schedule 2B using Product Code 123.

## **Refund Gasoline**

Any person purchasing and using gasoline for agricultural, maritime, industrial, aviation, domestic or other

non-highway use may obtain a refund of all but six and four tenths (6.4) cents per gallon of the tax paid on such gasoline.

Before any person is entitled to claim a refund on such gasoline, he must obtain a refund user's permit and certificate book from the Department of Revenue. In addition, his storage tanks must be marked refund gasoline, the gasoline must be purchased from a person holding a refund gasoline dealers permit, a refund certificate completed at the time of purchase and the invoice should indicate refund gasoline and except for gasoline used in aircraft, dye added.

## **SPECIAL FUEL TAX**

"Special Fuel" is defined as dyed diesel fuel, undyed diesel fuel, kerosene, fuel oil, jet fuel, and any other combustible liquid except gasoline and liquefied compressed gas that is usable as fuel in an internal combustion engine. Special Fuel includes bio-diesel.

"Dyed diesel fuel" is defined as diesel fuel that is dyed in accordance with United States Environmental Protection Agency or Internal Revenue Service Requirements.

"Undyed diesel fuel" is defined as diesel fuel that does not meet the dyeing requirements prescribed by United States Environmental Protection Agency or Internal Revenue Service Regulations.

"Dyed kerosene" is defined as kerosene that is dyed in accordance with United States Environmental Protection Agency or Internal Revenue Service Requirements.

"Undyed kerosene" is defined as kerosene that does not meet the dyeing requirements prescribed by United States Environmental Protection Agency or Internal Revenue Service Regulations.

"Fuel Oil" means a general classification for one of the petroleum fractions produced in conventional distillation operations. For the purposes of this article, "fuel oil" is No. 1, No. 2, and No. 4 fuel oils and No. 1, No. 2, and No. 4 diesel fuels.

The Special Fuel Tax rates are:

- 18 cents per gallon on undyed diesel fuel.
- 5.75 cents per gallon on all products meeting the definition of Special Fuel except undyed diesel fuel and Special Fuel used as fuel in aircraft.
- 5.25 cents per gallon on Special Fuel used as fuel in aircraft (jet fuel).

The Special Fuel Tax accrues when:

- A. Special Fuel is withdrawn from a refinery, marine terminal or pipeline terminal for sale or distribution.
- B. Special Fuel imported by a commercial carrier is unloaded by the carrier unless placed in storage at



a refinery, marine terminal or pipeline terminal.

C. Special Fuel imported by any means other than a commercial carrier enters the State.

D. Special Fuel is purchased or received tax free by any person.

Also a tax of 18 cents per gallon is levied on:

- Dyed diesel fuel or kerosene sold to a state or local government entity for use on the highways in a motor vehicle.
- Any person who uses dyed diesel fuel in a motor vehicle on the highways of this state in violation of this act.
- Any person who purchases or acquires undyed diesel fuel or kerosene for non-highway use and subsequently uses such diesel fuel or kerosene in a motor vehicle on the highways of this State.
- All Special Fuel sold for use in performing contracts for construction, reconstruction, maintenance or repairs when such contracts are with the State of Mississippi or any agency, department, institution of the State of Mississippi or any political subdivision thereof.

Special Fuel is exempt from the full tax rate when:

- A. Sold or delivered by a permitted distributor to another permitted distributor. The third distributor receiving the Special Fuel must pay the tax and cannot sell the Special Fuel tax free to another distributor.
- B. Exported to another State.
- C. Sold to the Armed Forces in quantities of four thousand (4000) gallons or more.
- D. Sold for use as a herbicide, insecticide, wood preservative, or for use in a manufacturing process where it becomes a part of a finished product.
- E. Sold for use in generating electricity or sold to be used for the generation of heat in a firebox or furnace.
- F. Sold to be consumed as fuel by any boat, vessel, ship, towboat or dredgeboat, or sold to the holder of a Marine Dealer's permit for resale or distribution as fuel for a boat, vessel, ship, towboat or dredgeboat.
- G. Sold for use as fuel in railroad locomotives.

The exemptions set forth on paragraphs (D), (E) and (F) do not apply to Special Fuel used in performing contracts for construction, reconstruction, maintenance, or repairs, where such contracts are entered into with the State of Mississippi or any political subdivision of the State of Mississippi or any department, agency, or

institution of the State of Mississippi or any political subdivision thereof.

Special Fuel sold to the United States Government, the State of Mississippi, counties, municipalities, school districts and all other political subdivisions of the State is exempt from four and three-fourths cents (4.75¢) per gallon of the Special Fuel Tax.

Exempt sales may be deducted in the month in which the transaction occurs.

### **Reporting Requirements**

Separate schedules are required for dyed diesel fuel and kerosene, fuel oil, undyed diesel fuel and jet fuel.

### Receipts Schedules

Schedule 1 “Tax Paid Purchases” All purchases of Special Fuel on which the supplier has charged Mississippi tax should be listed on this schedule.

Schedule 2A “Gallons Received from Terminal, Refineries, or Distributors Origin Tax Unpaid” All Special Fuel withdrawn from terminals in Mississippi on which Mississippi tax is not charged by the supplier should be listed on this schedule. Do not include exchanges of Special Fuel at the terminal rack which are reported on Schedule 2X

Schedule 2C “Gallons Imported Tax Unpaid” All Special Fuel imported into Mississippi by transport truck or rail tank car on which Mississippi tax is not charged by the supplier should be listed on this schedule.

Schedule 2X “Gallons Received from Suppliers on Exchange Tax Unpaid and Resold Tax Unpaid” All Special Fuel acquired tax free from another licensed distributor and resold tax free to another licensed distributor should be listed on this schedule. (Exchanges of Special Fuel at the terminal rack.)

Schedule 5B “Gallons Imported – Sold Tax Collected to Non-licensed Distributors, Retailers, or Bulk End-Users” All Special Fuel delivered from out of state locations and sold with tax collected to non-licensed distributors, retail dealers or end users.

Schedule 5D “Gallons Sold Destination State Tax Collected to Licensed Distributors” All Special Fuel originating in Tennessee or Louisiana sold to Mississippi Licensed Distributors with Mississippi tax collected.

### (Exemptions) Disbursements Schedules

Schedule 6D “Gallons Sold to Licensed Distributors Tax not Collected” All Special Fuel sold tax free to licensed distributors should be listed on this schedule.

Schedule 7 “Gallons Exported to Other States:” All Special Fuel exported to another state should be reported on this schedule.

Schedule 8 “Gallons Delivered to Armed Forces Tax Free” All Special Fuel sold for the exclusive use of the Armed Forces and delivered on quantities of 4,000 gallons or more should be listed on this schedule.

Schedule 10A “Gallons Delivered to Tax Exempt Entities” All Special Fuel sold for use in furnaces or fireboxes or for generating electricity should be listed on this schedule.

Schedule 10R “Gallons Delivered for Marine Use” All Special Fuel sold to holders of Marine Dealers permits or sold for use as fuel in boats, ships, towboats or dredges should be listed on this schedule.

Schedule 10Y “Gallons Delivered Tax Exempt to Railroad” All Special Fuel sold for use as fuel in railroad locomotives should be listed on this schedule.

Schedule 13H “Gallons Sold to Governmental Entities – Partial Exemption:” All special fuel sold to governmental entities except that special fuel sold for the exclusive use of the Armed Forces and delivered on quantities of 4,000 gallons or more should be listed on this schedule. Sales from retail locations may be reported as a total.

## **Biodiesel**

The Energy Information Agency – U S Department of Energy defines biodiesel as any liquid biofuel suitable as a diesel fuel substitute or diesel fuel additive or extender. Biodiesel fuels are typically made from oils such as soybeans, rapeseed, or sunflowers, or from animal tallow. Biodiesel can also be made from hydrocarbons derived from agricultural products such as rice hulls.

The FTA Motor Fuel Uniformity Committee defines biodiesel as a fuel comprised of mono-alkyl esters of long chain fatty acids generally derived from vegetable oils or animal fats, designated B100, and meeting the requirements of ASTM D6751.

The Mississippi Petroleum Tax Laws define Special Fuel as kerosene, diesel fuel, fuel oils, and any petroleum fuel or any other product other than gasoline or compressed gas which is usable as fuel in an internal combustion engine, and any combustible liquid other than gasoline or compressed gas used or capable of being used as a fuel in aircraft. The term “special fuel” shall not include racing gasoline as defined in Section 27-55-5.

Because the definition of Special Fuel includes the language “any other product other than gasoline or compressed gas which is usable as fuel in an internal combustion engine.” biodiesel, biofuel, or any other such product usable as fuel in a internal combustion engine is subject to the Mississippi Special Fuel Tax Law.

A “distributor of special fuel” includes any person who receives, purchases acquires, uses, stores or sells any special fuel in this state on which the Special Fuel Tax has not been paid.

Therefore, any person producing, using, storing or selling biodiesel or biofuel in Mississippi is subject to the provisions of the Mississippi Special Fuel Tax law and is required to obtain a Special Fuel Distributors Permit, file monthly Special Fuel Tax and Environmental Protection Fee returns and pay the applicable taxes due. This applies to persons producing biodiesel or biofuel for their own use.

The Mississippi Special Fuel Tax law defines:

- Undyed diesel fuel as diesel fuel that does not meet the dyeing requirements prescribed by United States Environmental Protection Agency or Internal Revenue Service Regulations.
- Dyed diesel fuel as diesel fuel that is dyed in accordance with United States Environmental Protection Agency or Internal Revenue Service Regulations

The Mississippi Special Fuel Tax law does not distinguish between petroleum diesel and biodiesel or biofuel. Therefore the applicable tax rates on biodiesel or biofuel are:

- Eighteen (18) cents per gallon on biodiesel or biofuel that does not meet the dyeing requirements prescribed by United States Environmental Protection Agency or Internal Revenue Service Regulations.
- Five and three-fourths (5.75) cents per gallon on biodiesel or biofuel that is dyed in accordance with United States Environmental Protection Agency or Internal Revenue Service Regulations

Any person producing, selling or using biodiesel or biofuel in this state is required to report such sales or use in the manner set forth below.

#### Undyed Biodiesel or undyed biofuel

- Withdrawn from a production facility or terminal in this state for sale to persons not licensed as Special Fuel Distributors or for use by the producer should be reported as a receipt on Schedule 2A using Product Code 284.
- Withdrawn from a production facility or terminal in this state for sale to persons licensed as Special Fuel Distributors should be reported as a receipt on Schedule 2A and as a disbursement on Schedule 6D using Product Code 284.
- Withdrawn from a production facility or terminal in this state for export to another state should be reported as a receipt on Schedule 2A and as a disbursement (export) on Schedule 7 using Product Code 284.

#### Dyed biodiesel or dyed biofuel

- Withdrawn from a production facility or terminal in this state for sale to persons not licensed as Special Fuel Distributors or for use by the producer should be reported as a receipt on Schedule 2A using Product Code 290.
- Withdrawn from a production facility or terminal in this state for sale to persons licensed as Special Fuel Distributors should be reported as a receipt on Schedule 2A and as a disbursement on Schedule 6D using Product Code 290.
- Withdrawn from a production facility or terminal in this state for export to another state should be reported as a receipt on Schedule 2A and as a disbursement (export) on Schedule 7 using Product Code 290.

#### **Retail Dealer Dyed Diesel Fuel**

The Special Fuel Tax Law requires that any retail dealer, who intends to sell dyed diesel fuel, to obtain a permit from the Department of Revenue.

## **Records Non-highway Diesel Fuel**

The distributor shall provide, on sales of dyed diesel fuel, invoices which shall show the following:

1. The seller's name.
2. The purchaser's name.
3. The date of sale or delivery.
4. The number of gallons sold.
5. The intended use of the product.

When special fuel is sold to a person who has a Contractor's Direct Pay Permit for Special Fuel Tax, the invoice must show the permit number.

When dyed diesel fuel is sold to a retail dealer who holds a permit to sell dyed diesel fuel, the invoice must show the permit number.

## **Mixtures of Dyed Diesel and Undyed Diesel Fuel**

When dyed special fuel and undyed special fuel are accidentally mixed and the mixture is converted to non-highway use special fuel, the distributor of special fuel or other person owning such mixture may claim credit for any taxes exceeding five and three fourths (5.75) cents per gallon which have been paid on such mixture.

The owner of such mixture is required to contact the Department of Revenue immediately after learning the mixture has occurred.

## **COMPRESSED GAS TAX**

Compressed gas is defined as butane, propane, all liquid flammable materials derived from petroleum or natural gas having a vapor pressure exceeding 40 PSI, absolute at 100 degrees F., compressed natural gas and liquefied natural gas. An excise tax of one-fourth cents (1/4¢) per gallon is levied on all compressed gas except compressed natural gas and liquefied natural gas received in this State.

The excise tax accrues when:

- A. Compressed gas is withdrawn from a refinery, marine terminal, pipeline terminal or underground storage facility.
- B. Compressed gas that is imported by commercial carrier is unloaded by the carrier unless placed in a tax free storage facility.
- C. Compressed gas imported by any means other than a common carrier enters the State unless its

destination is a tax free storage facility.

D. Compressed gas is purchased or received tax free.

In addition to the excise tax, an assessment of one-tenth of one (1/10) cent per gallon for the support of the Propane Education and Research Program is imposed on all compressed gas except liquefied natural gas and compressed natural gas. The Assessment accrues at the same time and in the same manner as the one-fourth (1/4) cent per gallon excise tax.

All sales from tax free storage facilities must be shown on the distributor's compressed gas tax report. Exempt sales may be deducted in the same month the transaction occurs.

Compressed gas is exempt when:

- A. Sold by a permitted distributor to another permitted distributor. The third distributor receiving the compressed gas must pay the tax and cannot sell the compressed gas tax free to another distributor.
- B. Exported to another State.
- C. Sold to the Armed Forces in quantities of four thousand (4000) gallons or more.

Compressed gas used as fuel in a motor vehicle is subject to a seventeen cents (17¢) per gallon excise tax. The tax accrues when compressed gas is sold, for use as fuel in a motor vehicle, to any person that does not have a Mississippi Compressed Gas Decal or to persons authorized by the Commission to operate as non-permitted (Class IV) users.

Compressed natural gas or liquefied natural gas used as fuel in a motor vehicle is subject to an eighteen cents (18¢) per 100 cubic feet excise tax. The tax accrues when compressed natural gas or liquefied natural gas is sold for use as fuel in a motor vehicle, to any person that has not obtained a Mississippi Compressed Gas Decal or to persons authorized by the Department of Revenue to operate as non-permitted (Class IV) users.

Compressed gas, compressed natural gas and liquefied natural gas sold to the United States Government, the State of Mississippi, counties, municipalities, school districts and all other political subdivisions of the State for use as fuel in a motor vehicle is exempt from three cents (3¢) of the tax levied on compressed gas used as fuel in motor vehicles.

## **LUBRICATING OIL TAX**

Lubricating oil is defined as all petroleum based or synthetic lubricants intended for use in the crankcase of an internal combustion engine. Lubricating (motor) oil is subject to an eight cents (8¢) per gallon excise tax. The tax accrues when a Class A Distributor sells lubricating oil to any person. Lubricating oil is exempt from the excise tax when:

- A. Sold by Class A Distributor to another Class A Distributor.

- B. Exported to another State.
- C. Sold to the Armed Forces in quantities of fifty (50) gallons or more.
- D. Sold for use in boats, ships and railroad locomotives when sold in quantities of fifty (50) gallons or more.

Exemptions may be deducted in the same month the transaction occurs.

## **SEAWALL TAX**

Harrison, Hancock, and Jackson counties are authorized to levy an additional tax on all gasoline sold in said counties. The proceeds of the tax are to be used to retire bonds and provide for the maintenance of the seawall along the gulf coast.

The tax rates are Harrison County - three cents (3¢) per gallon, Hancock County - three cents (3¢) per gallon and Jackson County - three cents (3¢) per gallon. The tax accrues when gasoline is delivered into these counties for resale or use.

## **ENVIRONMENTAL PROTECTION FEE**

An Environmental Protection Fee of four tenths (4/10ths) of one cent per gallon is levied all motor fuels sold in the state. Motor fuels are defined as automotive gasoline, aviation gasoline, dyed diesel fuel, undyed diesel fuel, kerosene, fuel oil, bio-diesel and jet fuel. However, motor fuels do not include those fuels used for the commercial production of electricity. The Environmental Protection Fee is levied on all bonded distributors and accrues when a bonded distributor sells motor fuel to a retail dealer or user. For the purposes of the Environmental Protection Fee a bonded distributor is any person who holds either a Gasoline Distributors Permit or a Special Fuel Distributors Permit or both. The Environmental Protection fee should not be collected on sales made by one bonded distributor to another bonded distributor.

The proceeds of the Environmental Protection Fee support the Mississippi Groundwater Protection Trust Fund. The Fee is in effect until the unobligated balance of the fund reaches or exceeds ten million dollars (\$10,000,000.00). The Fee is reimposed when the unobligated balance of the fund falls below six million dollars (\$6,000,000.00). The Department of Revenue will provide notice of the abatement or reimposition of the Fee.

The Environmental Protection Fee was in effect from July 1, 1988 through January 31, 1996 and suspended from February 1, 1996 through June 30, 1997. The Environmental Protection Fee was reimposed effective July 1, 1997 and suspended effective October 1, 1999. The Environmental Protection Fee was reimposed effective September 1, 2000. The Environmental Protection Fee was suspended for the third time effective March 1, 2009 and reimposed effective June 1, 2010.

## **INTERSTATE MOTOR CARRIERS**

Any person operating a motor vehicle with a gross weight of 26,000 pounds or more, three or more axles or a truck-trailer combination with a gross weight of 26,000 pounds or more is subject to the Interstate Motor Carrier Fuel Tax Laws and the provisions of the International Fuel Tax Agreement

A person operating such motor vehicle on the highways of the State of Mississippi may discharge his tax liability by one of the methods set forth below:

1. By purchasing fuel in this State. The quantity purchased must be equal to the quantity the motor vehicle consumed in this State.
2. By having a valid credential issued by any member jurisdiction of the International Fuel Tax Agreement and by complying fully with the International Fuel Tax Agreement.

Motor Carriers should register for the International Fuel Tax Agreement (IFTA) in the jurisdiction (state or province) in which they are based.

## **NATURAL GAS - COMPRESSED GAS - LOCOMOTIVE FUEL USER'S TAX**

An excise tax is levied upon persons using natural gas or compressed gas as a fuel in oilfield and gasfield production pumps, pipeline compressors or pumping stations or in engines or motors used for industrial purposes by a manufacturer or custom processor and upon persons using any fuel other than gasoline in a railroad locomotive. These taxes will be reported and paid directly to the State by the person using the product.

## **TAX LEVY**

Section 27-59-301 et seq, Mississippi Code of 1972, levies a tax at the rate of:

1. Twelve cents (12¢) per one thousand (1,000) cubic feet (MCF) upon any person using natural gas as a fuel in oilfield or gasfield production pumps in this State.
2. Three cents (3¢) per one thousand (1,000) cubic feet (MCF) upon any person using natural gas as a fuel in pipeline compressors or pumping stations or in engines or motors used for industrial purposes by a manufacturer or custom processor in this State.
3. Two cent (2¢) per gallon upon any person using compressed gas as a fuel in oilfield or gasfield production pumps in this State.
4. One-half cent (1/2¢) per gallon upon any person using compressed gas as a fuel in pipeline compressors or pumping stations or in engines or motors used for industrial purposes by a manufacturer or custom processor in this State.



5. Three-fourths cent (3/4¢) per gallon upon any person using locomotive fuel in a railroad locomotive.

## **REQUIREMENT FOR PERMITS**

All persons liable for the taxes levied by Section 27-59-301 et seq, Mississippi Code of 1972, are required to register with the Department of Revenue and obtain a user's permit.

## **REPORTING AND RECORDS REQUIREMENTS**

Each person liable for the aforesaid taxes shall file a monthly report setting forth the quantity of natural gas, compressed gas and/or locomotive fuel used and shall remit any tax due. A report is required each month even if there is no tax liability. All reports are to be filed on or before the 20th day of the following month. (Example - the tax report for the month of January is due on or before February 20th). Reports and payments sent to the Department of Revenue by mail must be postmarked by the due date in order to be considered timely filed, except when the due date falls on a weekend or holiday, in which case such reports and payments must be postmarked by the first working day following the due date in order to be considered timely filed. A penalty in the amount of 10% of the tax liability is due on all late reports. When a report is not filed, the Department of Revenue is authorized by law to make tax assessments based on estimated liability.

Each person liable for the aforesaid taxes shall keep and maintain records of the quantities of natural gas, compressed gas and/or locomotive fuel used and all other information used to determine the liability for the aforesaid taxes.

When the natural gas and/or compressed gas used as fuel in oilfield and gasfield production pumps or in pipeline compressors or pumping stations is not measured by a meter or other such measuring device, the quantity of fuel used may be determined by using the manufacturer's estimated fuel consumption of the engine or motor powering the pump or compressor and the number of hours the engine or motor is in operation.

Effective July 1, 1995, the quantity of locomotive used in this State shall be the number of gallons of locomotive fuel unloaded into railroad locomotives in this State.

## **EXEMPTIONS**

The United States Government, the State of Mississippi and all agencies, departments and political subdivisions thereof are exempt from these taxes.

## **DEFINITIONS AND TERMS**

Compressed gas is defined as methane, ethane, propane, ethylene, propylene, butylene, butane, isobutane and any and all liquid, flammable materials derived from petroleum or natural gas having a vapor pressure exceeding 40 pounds per square inch, absolute, at One Hundred (100) Degrees Fahrenheit.

Oilfield and gasfield production pumps are those pumps used in the extraction or withdrawal of crude oil, natural gas, casinghead gas, gas liquids, condensate, natural gasoline, etc., from below the surface of the soil or

water.

Pipeline compressors and pumping stations mean compressors and pumps on pipeline in fields and gathering systems and on interstate and intrastate trunk lines.

Locomotive fuel is defined as diesel fuel and any other fuel except gasoline used as a fuel in a railroad locomotive.

A Manufacturer is a person conducting an activity of an industrial or commercial nature wherein labor or skill is applied by hand or by machinery, to materials belonging to the manufacturer so that a new, different or more useful article of tangible property or article of trade or commerce is produced for sale or rental.

A Custom Processor is a person who performs the services of a manufacturer upon the property of a customer.

Industrial Purposes means the operation of machinery used for manufacturing. This includes forklifts, towmotors, etc., used in a manufacturing facility.

### **Mississippi Department of Transportation Inspection Stations**

<b><u>Station Name</u></b>	<b><u>Highway</u></b>	<b><u>Phone No.</u></b>
Bovina South	I-20, E Bound	601- 636-0101
Bovina North	I-20, W Bound	601-636-0780
Centreville	Miss. 33	601-645-9152
Corinth East	U.S. 45 Bypass, N Bound	662-287-9274
Corinth West	U.S. 45 Bypass, S Bound	662-287-9401
Fulton, South	U.S. 78, E Bound	662-862-7231
Fulton, North	U.S. 78, W Bound	662-862-7230
Greenville	U.S. 82	662-335-1336
Iuka, South	U.S. 72	662-423-1832

Iuka, North	U.S. 72	662-423-1831
Kentwood - Joint Port	I-55, N Bound	504-229-7189
Kentwood - Joint Port	I-55, S Bound	504-229-6029
Kewanee	U.S. 80	601-632-4099
Kewanee, South	I-59 & I-20, E Bound	601-632-4189
Kewanee, North	I-59 & I-20, W Bound	601-632-4187
Lucedale, North	U.S. 98, W Bound	601-947-1221
Lucedale, South	U.S. 98, E Bound	601-947-1242
Lula	U.S. 49	662-337-2387
NASA, South	I-10, E Bound	228-533-5564
NASA, North	I-10, W Bound	228-533-5549
Natchez	U.S. 61, 84, 98	601-442-4686
Nesbit, East	I-55, N Bound	662-429-5785
Nesbit, West	I-55, S Bound	662-429-5887
Nicholson, East	I-59, N Bound	601-798-5158
Nicholson, West	I-59, S Bound	601-798-8735
Olive Branch, South	U.S. 78, E Bound	662-895-3637
Olive Branch, North	U.S. 78, W Bound	662-895-3636
Orange Grove, South	I-10, E Bound	228-475-3093
Orange Grove, North	I-10, W Bound	228-475-3095
Sandy Hook	Miss 35	601-736-7463
Woodville	U.S. 61	601-888-6956