

Biodiesel in Mississippi

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.

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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

The Mississippi Special Fuel Tax becomes due when:

- Biodiesel or biofuel is imported into the state unless unloaded directly into the storage tanks of a refinery, marine terminal or pipeline terminal.
- Biodiesel or biofuel is withdrawn from a biodiesel or biofuel production facility, marine terminal or pipeline terminal in this state unless withdrawal is by pipeline or barge.
- Biodiesel or biofuel is blended with petroleum diesel unless the blending occurs at a refinery, marine terminal or pipeline terminal.
- Biodiesel or biofuel is used on the highways or is sold for use on the highways.

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.

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- 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.

Blending below the rack

Biodiesel or biofuel blended with petroleum diesel by a Special Fuel Distributor below the terminal rack i.e., at a bulk plant or biodiesel production facility is taxable at the rates set forth below.

- Eighteen (18) cents per gallon when the blend of biodiesel or biofuel and petroleum diesel 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 blends of biodiesel or biofuel and petroleum diesel that is dyed in accordance with United States Environmental Protection Agency or Internal Revenue Service Regulations.

Undyed biodiesel or biofuel blended with undyed petroleum diesel should be reported on Schedule 2A using Product Code 284.

Undyed biodiesel or biofuel blended with dyed petroleum diesel should be reported on Schedule 2A using product code 290.

Dyed biodiesel or biofuel blended with dyed petroleum diesel should be reported on Schedule 2A using product code 290.

Please direct any questions to the Petroleum Tax Bureau, Mississippi Department of Revenue at 601-923-7150 or petroleu@dor.ms.gov