

## **Legislation Amends “Motor Fuels” Definition to Include Ethanol, Ethanol-blended Fuel, Gasoline Blend Stocks, and Natural Gasoline as of July 1, 2010**

### **What does this mean to Idaho Licensed Fuel Distributors?**

Beginning July 1, Idaho will impose its motor fuels tax and transfer fee on ethanol, ethanol-blended fuel, gasoline blend stocks, and natural gasoline when the fuels are received in Idaho. Licensed fuel distributors will be required to report ethanol (E00) and pay the fuels tax and transfer fee when it's received instead of when it's blended with gasoline to produce ethanol-blended fuel (E01-E99).

### **What does this mean to Idaho ethanol producers and importers?**

Beginning July 1, any entity that produces ethanol in Idaho, imports ethanol into Idaho, or exports ethanol out of Idaho must get an Idaho fuel distributor's license and file a monthly Idaho Distributor's Fuel Tax Report (Form 1450) and supporting schedules.

### **What does this mean to an Idaho ethanol production facility?**

An entity that produces ethanol in Idaho must have terminal status and an Idaho motor fuel distributor's license to distribute ethanol to other licensed distributors without collecting the Idaho fuels tax and transfer fee.

### **How do I report my untaxed inventories in Idaho on July 1, 2010?**

On July 1, any entity that has untaxed ethanol, ethanol-blended fuel, gasoline blend stocks, or natural gasoline in inventory in Idaho that's located outside an Idaho pipeline terminal or Idaho ethanol production facility with terminal status in a storage tank, tanker truck, railcar, or barge must report the fuel receipt on a Receipt Schedule 2 and pay the Idaho motor fuels tax and transfer fee on these gallons of fuel on its July 2010 Distributor's Fuel Tax Report (Form 1450). An entity that has ethanol stored in tanks at its Idaho pipeline terminal or Idaho ethanol production facility with terminal status on July 1 won't pay the Idaho motor fuels tax and transfer fee on those gallons of ethanol in inventory.

### **When is fuel that's imported into Idaho received?**

Ethanol is either produced in Idaho or imported into Idaho. Imported fuel is received in this state when it crosses the Idaho border.

## **How do I report fuels imported into Idaho?**

- For ethanol and natural gasoline imported into Idaho via tanker truck, railcar, or barge as of July 1, the entity that owns the ethanol or natural gasoline when it arrives in Idaho must report the transaction on the distributor's fuel tax report on a Receipt Schedule 3 and pay the fuels tax and transfer fee. Tax-paid ethanol or natural gasoline sold to another licensed distributor will be reported as a tax-paid receipt on a Receipt Schedule 1 by the receiving distributor on its monthly Distributor's Fuel Tax Report (Form 1450).
- For E10 imported into Idaho from locations in Washington, Montana, Alberta, Wyoming, and Utah after the E10 was blended in those jurisdictions, the entity that owns the fuel when it arrives in Idaho must report the transaction on the distributor's fuel tax report on a Receipt Schedule 3 and pay the fuels tax and transfer fee. The reporting of ethanol-blended fuel won't change on July 1.

## **Do I have to pay the fuels tax and transfer fee on ethanol that I placed into storage at an Idaho pipeline terminal?**

No. Fuel placed into storage at an Idaho pipeline terminal or a Tax Commission approved production terminal isn't considered received in Idaho. This fuel is subject to the Idaho motor fuels tax and transfer fee when it's removed from the pipeline or production terminal.

## **How is ethanol that's placed into storage at an Idaho pipeline terminal reported on the Terminal Report (Form 1452)?**

The distributor or position holder must report its ethanol receipt to the terminal operator so the gallons of ethanol can be included in the monthly pipeline terminal report as a fuel receipt on a Schedule 2A. The pipeline terminal operator must report all ethanol received by the pipeline terminal via tanker truck or railcar.

## **How is ethanol that's placed into storage at an Idaho pipeline terminal reported on the Distributor's Fuel Tax Report (Form 1450)?**

The distributor must report the receipt of ethanol fuel on a Receipt Schedule 3 or 1. The distributor that placed the ethanol into storage at the Idaho pipeline terminal must complete a Schedule 7 to show the ethanol as being "exported" to the Idaho pipeline terminal. This reporting step allows the distributor to deduct the load of ethanol from its fuel receipts and not pay the fuels tax and transfer fee on the load of ethanol. The distributor should complete the Disbursement Schedule 7 (Export Schedule) as it normally would except for the following:

- Column 4, "Point of Origin and Destination." Designate the Point of Origin and Point of Destination as Idaho, using the two-character state abbreviation "ID" for Idaho.
- Column 6, "Sold To." Enter the terminal identification number (e.g. T82-ID-4150) of the Idaho pipeline terminal to which the ethanol was delivered.
- Column 7, "Purchaser's EIN." Enter the EIN of the position holder to whom the ethanol was delivered.

The reporting format doesn't change for columns 1, 2, 3, 8, 9, and 11 of Disbursement Schedule 7.

**For more information, call 334-7660 in the Boise area or (800) 972-7660 toll free.**