

What is the transfer fee?

Idaho's Petroleum Clean Water Trust Fund Act imposes a one-cent-per-gallon transfer fee on the delivery or storage of petroleum or petroleum products in the state. The fund provides liability insurance for eligible distributors to pay for the cleanup of accidental petroleum product releases or spills.

Who pays the transfer fee?

Licensed fuel distributors who are the first receivers of fuel in Idaho pay the one-cent transfer fee on each gallon of petroleum product they receive.

What products are subject to the fee?

Idaho imposes the one-cent transfer fee on petroleum and petroleum products that come from or include crude oil, which is liquid at a temperature of 60° F and 14.7 psi (sea level). This includes almost all products extracted from crude oil that meet the liquidity requirement. The following is a list of products commonly subject to the transfer fee:

alcohol blended fuels	engine oils	motor oil
aviation gasoline	fuel oil	naphthas
biodiesel	gasohol (E-10, E-75, E-85)	naphtha-type jet fuel
biodiesel blends	gasoline	railroad oils
boiler fuel	gasoline cracking stock	refinery fuel
brake fluid	heating oil	residual fuel oil
bunker fuel	industrial fuel	road oils
commercial solvents	jet fuel	stove oil
diesel, dyed	kerosene	tractor fuel
diesel oils (#1 - #6)	kerosene-type jet fuel	transmission fluids
diesel, undyed	lamp fuel	turpentine substitutes
distillate fuel oil	liquid asphalts	unfinished oils
emulsion bases	lubricating oils	

If you deliver or store a petroleum product that isn't on this list, request a written determination from the Tax Commission to find out whether the product is subject to the fee.

Are there any exemptions to the transfer fee?

Yes. A petroleum product is exempt from the fee if it's:

- First delivered or stored in Idaho in containers of 55 gallons or less, and the distributor intends to sell the product to the final consumer in the same container.
- Received in bulk and repackaged into containers of 55 gallons or less, and the product and the package are to be sold to the final consumer.
- Returned to a licensed distributor's refinery or pipeline terminal storage.
- Exported from Idaho, and the export is properly documented.
- Owned and transported by a licensed railroad. Fuel sold by a licensed distributor to a railroad company is not exempt from the transfer fee. Only licensed railroads are exempt and can take the schedule 10U deduction.

A distributor's receipt or storage of a petroleum product can be partially subject to the fee. For example, you import 25,000 gallons of bulk motor oil into Idaho and repackage 10,000 gallons into five-gallon containers to sell to low-volume customers. The one-cent fee applies to the 15,000 gallons not repackaged (\$150). No fee applies to the 10,000 gallons repackaged into the five-gallon containers.

How do I report the fee if I'm repackaging petroleum products?

If you're repackaging petroleum products (typically motor oil, lubricating oils, or similar products), you can report the transfer fee on the monthly distributor's report (Form 1450) in one of two ways (see options below). You must use the same method each month.

Option 1: In the period you receive the petroleum product, report the number of gallons of product you received on Line A of the Transfer Fee Worksheet, and pay the one-cent fee on all gallons of product received. If you repackage any portion of the fee-paid product into containers of 55 gallons or less, report the number of gallons of petroleum product repackaged on Line G of the Transfer Fee Worksheet in the period you repackage the product.

Option 2: In the period you receive the petroleum product, report the number of gallons of product you received on Line A of the Transfer Fee Worksheet. Report the number of gallons of product you repackaged or stored for repackaging on Line G of the Transfer Fee Worksheet. If you make a bulk delivery from the product stored for repackaging, reduce the number of gallons reported on Line G of the Transfer Fee Worksheet by the gallons delivered in bulk. Pay the one-cent transfer fee on each gallon of product delivered in bulk in the period you make the bulk delivery.

Questions:

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