

Dear Senators BRACKETT, Hagedorn, Buckner-Webb, and
Representatives PALMER, Shepherd, King:

The Legislative Services Office, Research and Legislation, has received the enclosed rules of
the State Tax Commission – Motor Fuels Tax:
IDAPA 35.01.05 - Motor Fuels Tax (Docket No. 35-0105-1501).

Pursuant to Section 67-454, Idaho Code, a meeting on the enclosed rules may be called by the
cochairmen or by two (2) or more members of the subcommittee giving oral or written notice to Research
and Legislation no later than fourteen (14) days after receipt of the rules' analysis from Legislative
Services. The final date to call a meeting on the enclosed rules is no later than 07/27/2015. If a meeting is
called, the subcommittee must hold the meeting within forty-two (42) days of receipt of the rules' analysis
from Legislative Services. The final date to hold a meeting on the enclosed rules is 08/24/2015.

The germane joint subcommittee may request a statement of economic impact with respect to a
proposed rule by notifying Research and Legislation. There is no time limit on requesting this statement,
and it may be requested whether or not a meeting on the proposed rule is called or after a meeting has
been held.

To notify Research and Legislation, call 334-4834, or send a written request to the address on the
memorandum attached below.



Eric Milstead
Director

Legislative Services Office

Idaho State Legislature

Serving Idaho's Citizen Legislature

MEMORANDUM

TO: Rules Review Subcommittee of the Senate Transportation n Committee and the House Transportation and Defense Committee

FROM: Division Manager - Mike Nugent

DATE: July 08, 2015

SUBJECT: State Tax Commission -- Motor Fuels Tax- Corrected Version

IDAPA 35.01.05 - Motor Fuels Tax (Docket No. 35-0105-1501)

In 2015 the Legislature passed two bills dealing with the motor fuels tax HB132 and HB312. HB312 was the bill that increased the fuel tax by seven cents per gallon. HB132 was the bill that eliminated the gaseous fuel decal and required the owners of vehicles to pay the tax based on a gasoline energy equivalent and defined the conversion factors for liquefied natural gas and compressed natural gas a diesel gallon equivalent and gasoline gallon equivalent respectively. The current rules give the conversion factor and resulting tax based on the motor fuel tax rate of twenty-five cents per gallon. The temporary and proposed rules remove the specific tax rate and add the formula to compute the fuel tax on gaseous special fuels.

It appears the temporary and proposed rules have been promulgated within the scope of statutory authority granted to the State Tax Commission.

cc: State Tax Commission - Fuels Tax
Don Williams

IDAPA 35 - IDAHO STATE TAX COMMISSION
35.01.05 - IDAHO MOTOR FUELS TAX ADMINISTRATIVE RULES
DOCKET NO. 35-0105-1501
NOTICE OF RULEMAKING - TEMPORARY AND PROPOSED RULE

EFFECTIVE DATE: The effective date of the temporary rule is July 1, 2015.

AUTHORITY: In compliance with Sections 67-5221(1) and 67-5226, Idaho Code, notice is hereby given that this agency has adopted a temporary rule, and proposed rulemaking procedures have been initiated. The action is authorized pursuant to Sections 63-105 and 63-2427, Idaho Code, and Section 63-22424, Idaho Code.

PUBLIC HEARING SCHEDULE: Public hearing(s) concerning this rulemaking will be scheduled if requested in writing by twenty-five (25) persons, a political subdivision, or an agency, not later than July 15, 2015.

The hearing site(s) will be accessible to persons with disabilities. Requests for accommodation must be made not later than five (5) days prior to the hearing, to the agency address below.

DESCRIPTIVE SUMMARY: The following is the required finding and concise statement of its supporting reasons for adopting a temporary rule and a nontechnical explanation of the substance and purpose of the proposed rulemaking:

Motor Fuels Tax Rule 110, Calculation of Tax on Gaseous Fuels. This rule provides the method used by the State Tax Commission to apply the motor fuel tax rate to gaseous special fuels required by Section 63-2424(1), Idaho Code. The current rule gives the conversion factor and resulting tax based on the motor fuel tax rate of twenty-five (25¢) cents per gallon. The rule is being changed to remove the specific tax rate and adding the formula to compute the fuel tax on gaseous special fuels.

TEMPORARY RULE JUSTIFICATION: Pursuant to Section 67-5226(1)(b), Idaho Code, the Governor has found that temporary adoption of the rule is appropriate for the following reasons:

Section 4 of HB 312, passed in the 2015 legislative session, amends the motor fuel tax rate from twenty-five (25¢) cents per gallon to thirty-two (32¢) cents per gallon. Section 17 of the bill gives an effective date of July 1, 2015 for Section 4 of the bill. Section 63-2424(1), Idaho Code, requires that the State Tax Commission provide by rule a method to convert the motor fuel tax so that it can be applied to gaseous special fuels.

FEE SUMMARY: The following is a specific description of the fee or charge imposed or increased: NA

FISCAL IMPACT: The following is a specific description, if applicable, of any negative fiscal impact on the state general fund greater than ten thousand dollars (\$10,000) during the fiscal year: NA

NEGOTIATED RULEMAKING: Pursuant to Section 67-5220(2), Idaho Code, negotiated rulemaking was not conducted because the rule change is required by Sections 63-2402(2) and 63-2424(1), Idaho Code.

INCORPORATION BY REFERENCE: Pursuant to Section 67-5229(2)(a), Idaho Code, the following is a brief synopsis of why the materials cited are being incorporated by reference into this rule: NA

ASSISTANCE ON TECHNICAL QUESTIONS, SUBMISSION OF WRITTEN COMMENTS: For assistance on technical questions concerning the temporary and proposed rule, contact Don Williams, (208) 334-7855.

Anyone may submit written comments regarding the proposed rulemaking. All written comments must be directed to the undersigned and must be delivered on or before July 22, 2015.

DATED this 1st Day of July, 2015.

Don W. Williams, Tax Policy Specialist
 State Tax Commission
 P.O. Box 36
 Boise, ID 83722-0410
 Tel: (208) 334-7855
 Fax: (208) 334-7844
Don.williams@tax.idaho.gov

**THE FOLLOWING IS THE TEMPORARY RULE AND THE PROPOSED TEXT
 OF DOCKET NO. 35-0105-1501
 (Only those Sections being amended are shown.)**

110. CALCULATION OF MOTOR FUELS TAX ON GASEOUS SPECIAL FUELS (RULE 110).
 Section 63-2424, Idaho Code.

01. In General. The following applies to gaseous special fuels: (4-11-15)

a. A gaseous special fuel is a special fuel that is a gas at sixty (60) degrees Fahrenheit and fourteen and seven-tenths (14.7) pounds per square inch absolute. (4-11-15)

b. A gaseous special fuel may be sold at volumes or weights other than those listed in this section, but, must be converted to the volumes and weights used in this section for reporting purposes to ensure that the gaseous special fuels are taxed at the energy equivalent to a gallon of gasoline. (4-11-15)

02. Computing Gaseous Special Fuel Tax Equivalents. *The following equivalents will be used when calculating amounts of gaseous special fuel sold and corresponding tax amounts for motor fuels tax reporting purposes* The gaseous special fuel tax is computed by multiplying the percentage of gasoline gallon energy equivalent times the current gasoline tax rate for each type of gaseous special fuel. Gaseous special fuel distributors are required to report the volumes and tax as required on the fuel distributor form.

Motor Fuel	BTUs per <u>Liquid Gallon</u> or <u>Gallon</u> <u>Equivalent</u>	<u>Tax per</u> <u>liquid</u> <u>gallon</u>	<u>Equivalent</u> <u>Volume per</u> <u>Gasoline Gallon</u> <u>Equivalent (GGE)</u>	<u>Tax per</u> <u>GGE</u>	<u>Volume per</u> <u>Diesel</u> <u>Percentage</u> <u>of Gasoline</u> <u>Gallon Energy</u> <u>Equivalent</u> <u>(DGE)</u>	<u>Tax per</u> <u>DGE</u>
Gasoline	127,000	\$0.25	1 gallon	\$0.25	N/A-100%	N/A
Propane	92,000	\$0.184	1.39 <u>4.25 lbs. or 1</u> gallon	\$0.25	N/A-72.44%	N/A
Compressed Natural gas (CNG)	N/A <u>127,000 per</u> <u>GGE</u>	N/A	126.67 cu. ft. or 5.66 lbs. @ 60° F	\$0.25	N/A-100%	N/A
Liquefied Natural Gas (LNG)	84,800 <u>138,400 per</u> <u>DGE</u>	\$0.167	N/A <u>6.06 lbs.</u>	N/A	6.06 lbs. <u>108.98%</u>	\$0.273

Motor Fuel	BTUs per Liquid Gallon or Gallon Equivalent	Tax per liquid- gallon	Equivalent Volume per- Gasoline-Gallon- Equivalent (GGE)	Tax per- GGE	Volume per- Diesel Percentage of Gasoline Gallon Energy Equivalent (DGE)	Tax per- DGE
Diesel	138,400	\$0.25	N/A	N/A	1 gallon	\$0.25

(4-11-15)(7-1-15)T