

STATEMENT OF PURPOSE

RS25223

The purpose of this legislation is to provide a practical inspection method to ensure compliance with current Idaho motor fuel tax law and a minimum of disruption to the public. Dyed diesel is diesel fuel that has been marked to identify it as fuel that is not subject to fuels tax when purchased and it is unlawful to use in a motor vehicle on the highway. Dyed diesel may only be used in equipment and vehicles not subject to the motor fuels tax such as unlicensed equipment, farm equipment (such as combines, tractors, etc.), and in vehicles operated exclusively by federal, state or local government. Diesel used in all other vehicles on a highway is taxed at 24.4 cents per gallon at the federal level and 32 cents per gallon at the state level for a total fuels tax of 56.4 cents per gallon. Violation of the use of dyed diesel is evasion of Idaho State tax law and is subject to a civil penalty.

FISCAL NOTE

The fiscal impact of this legislation should be positive to the Highway Distribution Account, but the amount is unknown because we do not know the extent of the illegal use of dyed diesel in vehicles on Idaho's highways. However, estimates range from a \$3 million to an \$8 million increase.

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DISCLAIMER: This statement of purpose and fiscal note are a mere attachment to this bill and prepared by a proponent of the bill. It is neither intended as an expression of legislative intent nor intended for any use outside of the legislative process, including judicial review (Joint Rule 18).