

Amend Section 60043 of the Diesel Fuel Tax Law to eliminate the licensing and reporting requirements for government entities that use only tax-paid diesel fuel on the highway and have no tax liability. (Housekeeping)

Source: Fuel Taxes Division

Existing Law:

Under the existing Diesel Fuel Tax Law, all government entities that operate a diesel-powered highway vehicle upon the state's highways are required to have a diesel fuel tax license and to file monthly tax returns. However, only government entities that use dyed (untaxed) diesel fuel in a diesel-powered highway vehicle on state highways pay tax on the tax return and the tax is based upon each gallon of dyed diesel fuel used on the highway.

A number of government entities purchase only tax-paid diesel fuel for use on the highway and owe no additional tax on the tax return. The licensing and reporting requirements place an additional burden on these governmental entities that have no tax liability. Some government entities are questioning the need for a license, including the obligation to file monthly tax returns, when they only purchase tax-paid diesel fuel and therefore owe no additional tax.

This Proposal:

This proposal would eliminate the need for a government entity to obtain a license and file tax returns when that entity only uses tax-paid diesel fuel on the highway.

Section 60043 of the Revenue and Taxation Code is amended to read:

60043. (a) "Government entity" means this state and its political subdivisions except for a political subdivision that is only an exempt bus operator.

(b) Section 60146 and Section 60205.5 do not apply to a government entity whose sole use of tax-paid diesel fuel in this state is for the operation of a diesel-powered highway vehicle upon this state's highways if the diesel fuel used is tax-paid diesel fuel purchased from a supplier or retail vendor.