

**Amend Section 60022 of the Diesel Fuel Tax Law to correct an inadvertent drafting error.**

**Source: Fuel Taxes Division**

Under existing Diesel Fuel Tax Law, Section 60022 of the Revenue and Taxation Code generally defines the term "diesel fuel" to mean any liquid that is commonly or commercially known or sold as a fuel that is suitable for use in a diesel-powered highway vehicle. Specifically excluded from the definition of diesel fuel is, among other things, the water in a diesel fuel and water emulsion of two immiscible liquids of diesel fuel and water, which emulsion contains an additive that causes the water droplets to remain suspended within the diesel fuel, provided the diesel fuel emulsion meets standards set by the California Air Resources Board. This specific exclusion will remain in effect until January 1, 2007.

In addition, effective January 1, 2007, Section 60022 will provide that "diesel fuel" includes any combustible liquid, by whatever name the liquid may be known or sold, when the liquid is used in an internal combustion engine for the generation of power to operate a motor vehicle licensed to operate on the highway, except fuel that is subject to the motor vehicle fuel tax or use fuel tax.

In 2001, both Assembly Bill 86XX (Ch. 8 of the Second Extraordinary Session, Florez) and Assembly Bill 309 (Ch. 429, Longville) amended Section 60022 of the Diesel Fuel Tax Law. Assembly Bill 86XX amended Section 60022 to exclude "water in a diesel fuel and water emulsion" from the definition of diesel fuel until January 1, 2007.

Assembly Bill 309 (Ch. 429, Longville), a Board-sponsored measure, amended Section 60022 to specify that diesel fuel does not include gasoline, liquid petroleum gas, natural gas in liquid or gaseous form, or alcohol in addition to kerosene. Additionally, Assembly Bill 309 proposed to delete the reference that diesel fuel includes any combustible liquid when the liquid, as specified.

Since both AB 86XX and AB 309 proposed to amend Section 60022 of the Diesel Fuel Tax Law, double-joining language was added to each of the bills. However, the double-joining language contained in AB 86XX, which was enacted after AB 309, inadvertently repeals the provisions enacted by AB 309 as of January 1, 2007.

This proposal would simply correct an inadvertent drafting error in Section 60022, operative January 1, 2007, enacted pursuant to AB 86XX thereby not repealing Board-sponsored amendments as contained in AB 309.

*Section 60022 of the Revenue and Taxation code is amended to read:*

60022. (a) "Diesel fuel" means any liquid that is commonly or commercially known or sold as a fuel that is suitable for use in a diesel-powered highway vehicle. A liquid meets this requirement if, without further processing or blending, the liquid has practical and commercial fitness for use in the engine of a diesel-powered highway vehicle.

However, a liquid does not possess this practical and commercial fitness solely by reason of its possible or rare use as a fuel in the engine of a diesel-powered highway vehicle.

"Diesel fuel" does not include kerosene, gasoline, liquefied petroleum gas, natural gas in liquid or gaseous form, or alcohol. ~~"Diesel fuel" includes any combustible liquid, by whatever name the liquid may be known or sold, when the liquid is used in an internal combustion engine for the generation of power to operate a motor vehicle licensed to operate on the highway, except fuel that is subject to the tax imposed in Part 2 (commencing with Section 7301) or Part 3 (commencing with Section 8601).~~

(b) This section shall become operative on January 1, 2007.