



Special Notice

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Increase in State Fuel Taxes Triggered if Congress Fails to Reauthorize Federal Tax by June 30, 2012

The May 2012 Special Notice, [New Tax Rates for Motor Vehicle Fuel and Diesel Fuel Effective July 1, 2012](#), notified you of the new California excise tax rates for motor vehicle fuel and diesel fuel. However, should the federal excise taxes on fuel and federal highway funding to the states expire on June 30, 2012, the California excise taxes on fuel will be adjusted beginning July 1, 2012, to the rates identified as "Tax Rate w/Federal Adj." in the table on page 2.

On June 30, 2012, authorization will expire for the [U.S. Department of Transportation](#) to collect the federal excise taxes on fuel, which are deposited into the Federal Highway Trust Fund, and to allocate disbursements from the fund to be used for highway, bridge, and transit projects (surface transportation). The major reauthorization of this surface transportation funding expired in October 2009, and these projects have continued to be supported by nine temporary spending extensions since that time.

Should Congress fail to act by June 30, 2012, and the federal excise taxes and surface transportation funding expire, California and other states will no longer receive federal funds reimbursing them for the expenses they incur for highway and transit projects. In order to preserve this funding, certain provisions of California's Revenue and Taxation Code (R&TC), cited in the table on page 2, stipulate that the state motor vehicle fuel (gasoline), diesel fuel, and use fuel tax rates are to be increased by specified amounts, depending on the type of fuel.

As the June 30, 2012 deadline approaches, please visit the BOE website at www.boe.ca.gov and go to the [In the Spotlight](#) section for up-to-date information on the status of the federal excise taxes and funding.

Taxpayer Information Section

If you have any questions about this notice, please visit our website at www.boe.ca.gov or call our Taxpayer Information Section at 800-400-7115 (TTY:711). Customer service representatives are available weekdays from 8:00 a.m. to 5:00 p.m. (Pacific time), except state holidays.



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FUEL TYPE	TAX RATE JULY 1, 2012 ¹	TAX RATE w/Federal Adj. JULY 1, 2012	R&TC SECTION
Motor vehicle fuel (gasoline)	\$.360	\$0.407	7360(a)(2)
Diesel fuel	\$.10	\$0.300	60050(a)(2)
Diesel fuel interstate user ²	\$.405	\$0.605	60115
Ethanol or methanol fuels containing not more than 15 percent gasoline or diesel fuel	\$.09	\$0.144	8651(b) & 8651.8
All other combustible liquid, by whatever name the gas or liquid may be known or sold, of a kind used in an internal combustion engine for the generation of power to propel a motor vehicle on the highways	\$.18	\$0.287	8651(b)

¹Tax rates shown are the rates effective July 1, 2012, without consideration of the possible expiration of the federal excise taxes and surface transportation funding.

²Interstate users under the International Fuel Tax Agreement (IFTA) and Interstate User Diesel Fuel Tax (DI) programs may also claim a credit of \$0.605 for the gallons of tax-paid diesel fuel purchased in California.