

Are You Selling Alternative Fuels?

Important Registration and Tax Information



Please Note: There is a sales tax exemption for the sale of CNG when delivered directly into a consumer's vehicle from a compressor delivery system connected to a natural gas main.

Sellers of alternative fuels (for example, E85) pumping the fuel into the tank of a motor vehicle must have a Vendor Use Fuel Tax Permit in addition to their Sales and Use Tax Permit. Sellers also must be aware of the different sales and excise tax rates that apply when selling alternative fuels.

What is an alternative fuel?

The following are common alternative fuels subject to use fuel tax, when used to propel a motor vehicle on the highway:

- Alcohol fuels (ethanol, methanol) and blended alcohol fuels containing 15 percent, or less, gasoline by volume (for example, E85)
- Liquid and compressed natural gas (LNG, CNG)
- Liquefied petroleum gas (LPG, Propane, Butane)
- Kerosene

Vendor requirements

Each vendor is required to collect and pay to the California State Board of Equalization (BOE) the use fuel tax on the full volume of alternative fuel sold or dispensed from a retail pump.

You can register online at www.boe.ca.gov; click the *New Registration* link.

Sales tax application and use fuel tax rates

Alternative fuels are subject to the full sales tax rate, unlike gasoline which is taxed at a reduced sales tax rate¹.

Visit the BOE website at www.boe.ca.gov/sptaxprog/tax_rates_stfd.htm to view the current and historical use fuel tax rates applicable to the various types of alternative fuels.

For More Information

For more information, see [publication 12](#), *California Use Fuel Tax: A Guide for Vendors and Users*, available on the BOE website at www.boe.ca.gov.

If you have questions, please contact the BOE Customer Service Center at 1-800-400-7115 (TTY:711), Monday through Friday 8:00 a.m. to 5:00 p.m. (Pacific time), except state holidays, and select the option for "Special Taxes and Fees" or send a message through the BOE website at www.boe.ca.gov/email/.

¹ Revenue and Taxation Code section 6357.7