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SPECIAL NOTICE

**2005 and 2007, and 2008 Legislative Changes Affecting the Motor Vehicle Fuels Tax and the Petroleum Products Gross Earnings Tax Effective July 1, 2008**

**Purpose:** This Special Notice describes changes made to the motor vehicle fuels tax during the 2007 session of the Connecticut General Assembly and the changes made to the petroleum products gross earnings tax during the 2005 and 2007 session and the June 11, 2008, special session of the Connecticut General Assembly that will take effect July 1, 2008.

**Effective Date:** The effective dates of the legislative changes are noted in this publication.

**Statutory Authority:** Conn. Gen. Stat. §12-458(a)(2), as amended by 2007 Conn. Pub. Acts 199, §1; 2007 Conn. Pub. Acts 1, § 135 (June Spec. Sess.); Conn. Gen. Stat. §12-587, as amended by 2005 Conn. Pub Acts 4, §40 (June Spec. Sess.); 2006 Conn. Pub. Acts 143, §2; 2007 Conn. Pub. Acts 199, §2; 2007 Conn. Pub. Acts 1, §137 (June Spec. Sess.); and 2008 Bill No. 1000, §§1 and 2 (June 11 Spec. Sess.).

**Part I. Motor Vehicle Fuels Tax Changes**

**Motor Vehicle Fuels Tax Rate Increase on Diesel Fuel:** Effective July 1, 2008, the motor vehicle fuels tax rate on the sale or use of diesel fuel increases from 37¢ to 43.4¢ per gallon.

No floor tax is being imposed on the inventory of diesel fuel as of the close of business on June 30, 2008.

The tax rate on gasohol will remain 25¢ per gallon.

**Refund Rate for Certain Uses of Diesel Fuel:**

Effective July 1, 2007, for those claims determined by the commissioner to be eligible for refund, the refund rate for diesel fuel used other than in motor vehicles licensed or required to be licensed to operate upon the public highways of this state is 26¢ per gallon. The June 11, 2008 legislation does not change this refund rate.

This refund rate does not apply to a person engaged in the business of farming.

**Motor Vehicle Fuels Tax Exemption for Sales of Certain Alternative Fuels Will Expire:**

Effective for sales made on or after July 1, 2008, sales of compressed natural gas, liquefied petroleum gas, and liquefied natural gas are subject to motor vehicle fuels tax. The exemption under Conn. Gen. Stat. §12-458f will expire for sales of these fuels made after June 30, 2008. See **Policy Statement 92(10.1), Tables and Equivalents for Natural Gas and Propane for Motor Vehicle Fuels Tax Purposes**, for more information on computing the tax on motor vehicle fuels in gaseous form. The tax rate on natural gas and propane is 26¢ per gallon.

**Part II. Petroleum Products Gross Earnings Tax Changes**

**Petroleum Products Gross Earnings Tax Rate Will Not Increase:**

The petroleum products gross earnings tax rate had been scheduled to increase from 7.0% to 7.5%, effective for calendar quarters beginning on or after July 1, 2008. With the passage of 2008 Bill No. 1000, §§1 and 2, the petroleum products gross earnings tax rate will remain 7% for calendar quarters beginning before July 1, 2013.

**Calendar Quarters Beginning:**

On or After	But Before	The Tax Rate Is
July 1, 2007	July 1, 2013	7%
July 1, 2013		8.1%

**Exemption From Petroleum Products Gross Earnings Tax for Most Diesel Fuel:**

Effective July 1, 2007, gross earnings from the first sale within Connecticut of diesel fuel (other than diesel fuel to be used in an electric generating facility to generate electricity) are exempt from the petroleum products