

Introduction to Fuel Tax in the State of Oregon

Whether we travel by train, plane, car, bus, bicycle, or on foot, we all depend in one way or another on a safe and reliable transportation system. A multi-billion dollar investment in our people, our environment and our state, Oregon's transportation system plays a role in nearly every aspect of life – we buy food that is trucked into a grocery store, our children ride to school on buses, tourists fly in, drive around the state and then fly out, fishermen earn a living with their boats, and goods are shipped in and out along rivers and the ocean – just to name a few.

A sound multimodal transportation system supports our existing economy, facilitates desired growth, reduces the costs of congestion and inefficiency, and links us together to promote success in all regions of the state.

The money that pays to preserve, improve and operate Oregon's road system comes from state, federal, county and city sources. Oregon funds its road system through "road user fees" based on these principles:

- Those who use the roads pay for them;
- Road users pay in proportion to the road costs for which they are responsible; and
- Road user fees are used for constructing, improving and maintaining roads.

(Excerpted from Oregon Department of Transportation Key Facts - 2008)

This publication discusses one of those "road user fees" - Fuel Tax. Fuel Tax is applied to all fuels used to propel motor vehicles on Oregon's roads and highways. The Fuel Tax program is governed by Oregon Revised Statute 319 which divides fuel into two categories:

- **Motor Vehicle Fuel and Aircraft Fuel Taxes (gasoline, gasoline blends, and aviation fuel)** – A Motor Vehicle Fuel Dealer is defined as any person who imports, exports, produces, refines, manufactures, blends or compounds motor vehicle fuel or aircraft fuel.
 - Motor Vehicle Fuel is taxed at 30¢/gallon
 - Aviation Gas is taxed at 9¢/gallon
 - Jet Fuel is taxed at 1¢/gallon
- **Use Fuel Taxes (diesel, bio-diesel, propane, compressed natural gas, etc.)** – Use Fuel is not required to be taxed until it is placed into a motor vehicle. A Use Fuel Seller, Use Fuel User, or Bulk Distributor may collect and remit the tax. See the definitions below.
 - Use Fuel is taxed at 30¢/gallon

TERMINAL OPERATOR

Terminal Operators manage fuel storage in a fuel depot or tank farm that is also referred to as a fuel terminal. Products from these locations are normally transported by carriers (pipeline, rail, truck, ship, or barge) to distributors, sellers, and users.

Oregon considers Terminal Operators as a Registered Fuel Handler. Monthly reporting is required.

Why do I have to become registered as a Terminal Operator?

Tracking terminal activity allows ODOT to follow fuel to the point of taxation. This is one of the methods that ODOT uses to determine that all appropriate fuel taxes have been paid to the Department to support the state highway fund.

How do I become registered as a Terminal Operator?

The process begins with completing an application (available online). Once the application is submitted and the information is verified, a registration is activated.

How often will the Fuels Tax Group be in contact with me?

The Fuels Tax Group is available Monday through Friday, 8:00am to 5:00pm to assist the public in complying with Fuels Tax law. We may also contact current licensees/registrants with recently revised information or reporting requirements, changes in application of Fuels Tax law or changes in industry that affect compliance.

The Fuels Tax Group will also contact licensees/registrants in writing for the following reasons:

- Reports/payments not received (Trace Letters)
- Errors/omissions of required information
- Any other issue requiring the registrant's attention

Application Instructions

Once the Fuels Tax Group receives the registration, it is reviewed for completeness. If additional information is needed, we will attempt to make contact by phone or mail to obtain the information. When all the required information is provided, the registration will be issued along with the following information:

- A letter from ODOT that acknowledges the approval of your registration
- Terminal Operator report form and schedules
- Terminal Operator Compliance Guide - also available on-line.

Completing the Application

The application to register as a Terminal Operator is available by mail or on the Fuels Tax Group website at: <http://fuelstax.Oregon.gov>

Terminal Report and Schedule Instructions

The Terminal Operator Report and supporting schedules are designed to meet the statutory informational reporting and record keeping requirements while at the same time providing the necessary information for the Fuels Tax Group to verify the accuracy and validity of the information being reported. The form and schedule follows approved Federation of Tax Administrators (FTA) Uniformity across states.

Line By Line Instructions

TERMINAL REPORT - (FORM 734-2920)

General Purpose: To provide detail of Oregon terminal activity, receipts and disbursements, for gasoline, ethanol, aircraft fuel, and diesel. This report is used to determine product movement to the Oregon taxation point for both motor vehicle fuel and use fuel.

Terminal Information:

Enter the name of the Terminal, Location of Terminal, the Terminal Control Number (TCN), and the name of the full calendar month and year for which this report is filed.

Operator Information:

Enter the name under which your Terminal Operator registration is issued, Tax Identification Number, the contact telephone number and email address, the company address, the city name, the state code, and postal code.

Required Supporting Schedules:

- Schedule of Terminal Receipts – Schedule 15A
- Schedule of Terminal Disbursements – Schedule 15B

Transaction for the Month:

Enter line totals by fuel type (Product Categories, Oregon Product Codes, Product Description)

- Gasoline
 - 065 – Gasoline
 - E10 – Gasoline Ethanol-Blended
 - E85 – Gasoline Ethanol-Blended Flex
- Ethanol
 - E00 – 100% Ethanol
 - E99 – 99% Ethanol (Denatured Alcohol)
- Aircraft Fuels
 - 125 – Aviation Gasoline
 - 130 – Jet Fuel
- Diesel
 - 160 – Diesel
 - 170 – Biodiesel (use for all biodiesel except B20 or greater made with UCO)
 - 171 – Dyed Biodiesel (use for all biodiesel except D20 or greater made with UCO)
 - 228 – Dyed Diesel
 - B20 – B20 or Greater made with Used Cooking Oil
 - D20 – Dyed D20 or Greater made with Used Cooking Oil
- Miscellaneous
 - 061 – Natural Gasoline
 - 072 – Dyed Kerosene
 - 100 – Transmix
 - 122 – All other blending components
 - 142 – Kerosene
 - 175 – Residual Fuel Oil
 - 279 – Marine Diesel Oil
 - 280 – Marine Gas Oil

LINE 1 – BEGINNING INVENTORY

Enter the gallons in inventory at beginning of month at the terminal

LINE 2 – TOTAL RECEIPTS

Total of Receipts from Schedule 15A

LINE 3 – TOTAL AVAILABLE

Line 1 plus Line 2

LINE 4 – TOTAL DISBURSEMENTS

Total of Disbursements from Schedule 15B

LINE 5 – GALLONS AVAILABLE

Line 3 Minus Line 4

LINE 6 – GAIN OR (LOSS)

Enter the gallons gained or lost during fuel movement.

LINE 7 – ACTUAL ENDING INVENTORY

Enter physical ending inventory at the terminal.

OREGON TERMINAL REPORT (FORM 734-2920)

SCHEDULE 15A – Receipts

Terminal Report Information:

Enter the name under which your Terminal Operator registration is issued, Tax Identification Number, the Terminal Control Number (TCN), the name of the full calendar month and year for which this report is filed, and the Product Code.

COMPLETE A SEPARATE TERMINAL SCHEDULE 15A FOR EACH PRODUCT CODE.

Complete all columns as follows:

- (1) **Carrier name** - Enter the name of the company that transports the product from the terminal.
- (2) **Carrier FEIN** - Enter the Tax Identification Number of the Carrier
- (3) **Point of Origin** - Enter the Facility ID where the fuel originated. When received from a terminal, use the IRS Terminal Control Number (TCN). If the facility ID or TCN is not known, enter the city and state of origin.
- (4) **Mode Code** - Enter the mode of transport. Use one of the following: J=Truck, R=Rail, B=Barge, PL=Pipeline, S=Ship (ocean marine vessel), BA=Book Adjustment, ST=Stationary Transfer, CE=Summary, and RT=Removal from Terminal (other than by truck or rail for sale or consumption)
- (5) **Position Holder** - Enter the name of the company that owns the product as reflected on the records of the terminal operator (same as the Federal definition).
- (6) **Position Holder FEIN** - Enter the Tax Identification Number of the Position Holder.
- (7) **Date Received** - Enter the date the carrier arrives at the terminal with the product or when exchanged at the terminal, the date the product title is transferred.
- (8) **Document Number** - Enter the identifying number from the shipping document issued at the terminal when product was removed over the rack. In the case of pipeline or barge movements, it is the pipeline or barge ticket number.
- (9) **Net Gallons** - Enter the net gallons delivered to the terminal. The total of all amounts entered in this column should agree with the amount shown on Line 4 of the Terminal Report. Round load by load gallons to the nearest whole gallon.
- (10) **Gross Gallons** - Enter gross gallons delivered to the terminal. Round load by load gallons to the nearest whole gallon.

C. COMPUTE AND FORWARD TOTALS: For each Schedule 15A completed, compute a total of gallons delivered at the bottom of the schedule in the TOTAL box. Forward the grand total to the Terminal Report, Line 4 for all columns

OREGON TERMINAL REPORT (FORM 734-2920)
SCHEDULE 15B – Disbursements

Terminal Report Information:

Enter the name under which your Terminal Operator registration is issued, Tax Identification Number, the Terminal Control Number (TCN), the name of the full calendar month and year for which this report is filed, and the Product Code.

COMPLETE A SEPARATE TERMINAL SCHEDULE 15B FOR EACH PRODUCT CODE.

Complete all columns as follows:

- (1) **Carrier name** - Enter the name of the company that transports the product from the terminal.
- (2) **Carrier FEIN** - Enter the Tax Identification Number of the Carrier
- (3) **Mode Code** - Enter the mode of transport. Use one of the following: J=Truck, R=Rail, B=Barge, PL=Pipeline, S=Ship (ocean marine vessel), BA=Book Adjustment, ST=Stationary Transfer, CE=Summary, and RT=Removal from Terminal (other than by truck or rail for sale or consumption)
- (4) **Destination** - Enter the Facility ID that the product was transported from/to. When received into or from a terminal, use the IRS Terminal Control Number (TCN). If not known, enter the destination city and state.
Position Holder - Enter the name of the company that owns the product as reflected on the records of the terminal operator (same as the Federal definition).
- (5) **Position Holder FEIN** - Enter the Tax Identification Number of the Position Holder.
- (6) **Exchange Position Holder** - If product is exchanged at the terminal with another position holder, enter the name of the company that is the recipient of the exchange.
- (7) **Exchange Position Holder FEIN** - Enter the Tax Identification Number of the Exchange Position Holder.
- (8) **Date Shipped** - Enter the date the carrier leaves the terminal with the product or when exchanged at the terminal, the date the product title is transferred.
- (9) **Document Number** - Enter the identifying number from the shipping document issued at the terminal when product was removed over the rack. In the case of pipeline or barge movements, it is the pipeline or barge ticket number.
- (10) **Net Gallons** - Enter the net gallons withdrawn from the terminal. The total of all amounts entered in this column should agree with the amount shown on Line 4 of the Terminal Report. Round load by load gallons to the nearest whole gallon.
- (11) **Gross Gallons** - Enter gross gallons withdrawn from the terminal. Round load by load gallons to the nearest whole gallon.

C. COMPUTE AND FORWARD TOTALS: For each Schedule 15B completed, compute a total of gallons delivered at the bottom of the schedule in the TOTAL box. Forward the grand total to the Terminal Report, Line 4 for all columns:

AMENDING TERMINAL REPORTS

PURPOSE AND USE OF AMENDED FORMS: The purpose of amended reports is to show increases or decreases to gallons and amounts previously reported for a given period.

To amend the report, submit the new or revised fuel tax transactional information on a standard tax report. Original tax reports have a sequence number of zero. Amended tax reports will start with sequence 1, 2, 3, and so forth.

Record Keeping and Documentation

Terminal Operators are required to keep the following records for three years and make them available upon request:

Stock summary - showing monthly totals for the gallons of fuel sold, stored, handled or produced for each fuel type. Records are to be maintained for each operated distributing location within the state, with an analysis as to inventories, receipts, sales, production, transport, use, transfers, and loss or gain.

Purchase journal - showing the number of gallons of fuel purchased or received each month, supported by purchase invoices or other documents.

Sales journal - showing the number of gallons of fuel sold or distributed each month, supported by sales invoices to cover each sale or delivery. Sales invoice forms shall be approved by the Department and shall include at least the following information:

- Date of sale or delivery.
- Point of origin
- Name of position holder or exchange position holder making the sale or delivery.
- All invoices shall separately state and describe to the satisfaction of the Department and the different products shipped there under and shall be serially numbered, except where other sales invoice controls acceptable to the Department are maintained.
- Name and address of the purchaser and delivery point if different from the mailing address.
- Gallons of fuel sold.
- Place and state where the delivery was made.

A **physical inventory** of fuel shall be taken at least at the end of each calendar month and preserved for audit purposes.

All required records shall be **summarized into calendar month totals** and should be centralized in the accounting office. The Department has the authority to investigate, examine and audit fuel handlers to support the administration of fuel tax under ORS 319. Fuel handlers, whether registered or unregistered, who fail to make records available for inspection are subject to assessment based on “best available information,” and possible collection action.

Terminology and Definitions

ADDITIVES Any chemical or product added to gasoline typically to improve or enhance characteristics of the product.

AIRCRAFT FUEL Any gasoline and any other inflammable or combustible gas or liquid by whatever name such gasoline, gas or liquid is known or sold, usable as fuel for the operation of aircraft, except gas or liquid, the chief use of which, as determined by the Department of Transportation is for purposes other than the propulsion of aircraft.

AVIATION GASOLINE Special grades of gasoline prepared for aircraft reciprocating engines (Typically aviation gasoline is used to propel smaller aircraft that do not use jet fuel).

BLENDING The mixing together by any process whatsoever, of any one or more products with other products, and regardless of the original character of the products so blended, provided the resultant product so obtained is suitable or practicable for use as a motor vehicle fuel, except such blending as may occur in the process known as refining by the original refiner of crude petroleum. The commingling of products during transportation in a pipeline is not considered blending.

BILL OF LADING The document issued at the terminal which completely identifies the product(s) loaded and the parties to the transaction.

BULK PLANT / BULK STORAGE FACILITY Receiving and distributing facility for petroleum products (Commonly includes truck loading rack(s), product receiving capabilities and storage tanks or other warehousing facilities for petroleum products).

CARRIER The transportation company or entity hauling the product.

CLOSING PHYSICAL INVENTORY The gallons in ex tax bulk storage facilities at the close of each calendar month (Should agree with the beginning physical inventory for the next calendar month).

ETHANOL Alcohol (Ethanol is typically the product blended with gasoline to oxygenate the fuel, increase octane and to improve engine emissions).

ETHANOL GASOLINE Gasoline that has been blended with ethanol to produce an ethanol blended gasoline - A combination of ethanol and gasoline.

EXPORTS Fuel delivered from within Oregon by the seller to locations outside Oregon constitutes an export by the seller. Fuel delivered from within Oregon by the purchaser to locations outside Oregon constitutes an export by the purchaser.

EX-TAX Includes motor vehicle or aircraft fuel on which no Oregon tax has been paid.

FUEL TYPE Reportable products. See the list on page 3 for products and codes.

IMPORT SALES Fuel delivered into Oregon from outside the State of Oregon by the seller constitutes an import by the seller. Fuel delivered into Oregon from outside the State of Oregon by the purchaser constitutes an import by the purchaser.

IMPORT TRANSFERS Product that is acquired outside of Oregon and delivered into ex-tax storage facilities within Oregon that are owned or controlled by the licensee.

JET FUEL Kerosene type fuels or blends of gasoline, distillates and residual oils used as fuel for gas turbine powered aircraft (jet engine powered aircraft).

MOTOR VEHICLE FUEL Gasoline and any other inflammable or combustible gas or liquid, by whatever name such gasoline, gas or liquid is known or sold, usable as fuel for the operation of motor vehicles, except gas or liquid, the chief use of which, as determined by the Department of Transportation, is for purposes other than the propulsion of motor vehicles upon the highways of this state.

NATURAL GAS (CNG or LNG): Compressed Natural Gas (CNG) or Liquefied Natural Gas (LNG) are other forms of Use Fuel. CNG/LNG is not taxed unless it is put into a motor vehicle.

OREGON MOTOR VEHICLE FUEL DEALER An entity or person who:

- (1) Imports or causes to be imported motor vehicle fuels or aircraft fuels for sale, use or distribution in, and after the same reaches the State of Oregon.
- (2) Produces, refines, manufactures or compounds motor vehicle fuels or aircraft fuels in the State of Oregon for sale, use or distribution in Oregon.
- (3) Acquires in Oregon for sale, use or distribution in Oregon motor vehicle fuels or aircraft fuels with respect to which there has been no license tax previously incurred.
- (4) Acquires title to or possession of motor vehicle fuels or aircraft fuels in Oregon and exports the product out of this state.

PROPANE: Propane is another form of Use Fuel that only becomes taxable if it is put into the fuel tank of a motor vehicle.

OPENING PHYSICAL INVENTORY The gallons in ex-tax bulk storage facilities at the beginning of each calendar month (Should agree with the closing physical inventory (ex-tax product only) from the previous calendar month). For purposes of Oregon motor vehicle/aircraft fuel tax reporting, ex-tax bulk storage facilities DO NOT include facilities that are connected by pipeline to a cardlock/keylock, service station and/or any other facility from which fuel may be withdrawn directly for sale or delivery into the fuel tanks of motor vehicles.

REBRAND To change a non-taxable product to a taxable product, or to change a taxable product to a non-taxable product.

TAX-PAID Product on which the Oregon tax has been paid.

USE FUEL: By statute, Use Fuel is defined as any combustible gas, liquid or material of a kind used for the generation of power to propel a motor vehicle on the highways except motor vehicle fuel as defined in ORS 319.010. For practical purposes, it is anything other than gasoline (Motor Vehicle Fuel) used to propel vehicles on public roads. The most common Use Fuel is diesel, but also includes propane, compressed natural gas (CNG), liquefied natural gas (LNG), bio-diesel, and any other product that can be used to operate the engine of a motor vehicle.

WITHIN OREGON TRANSFERS Product that is transferred from one bulk storage facility located in Oregon to another bulk storage facility located in Oregon.

CONTACT INFORMATION

For additional information or questions not addressed in the instructions provided, please contact us:

FOR GENERAL CORRESPONDENCE

Oregon Department of Transportation
Fuels Tax Group-MS21
355 Capitol St NE
Salem, OR 97301-2530

Telephone (503) 378-8150
Facsimile (503) 378-3060
E-mail ODOTFuelsTax@odot.state.or.us
Website <http://fuelstax.oregon.gov>

For direct numbers to specific staff members, please see our website.

MAIL REPORTS TO

Oregon Department of Transportation
Fuels Tax Group-MS21
355 Capitol St NE
Salem, OR 97301-2530

NOTE: Through the instructions in this guide, the Fuels Tax Group has attempted to completely and correctly advise licensees on proper compliance including tax report completion and record keeping requirements. This guide is not intended to replace or change Oregon Revised Statute 319 or any Administrative Rule. We have made our best effort to address all types of reporting situations, however, due to changing technology or unusual circumstances, it is possible that a licensee may receive special instructions from an auditor intended to address *only that special situation*.