

State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH SESSION

H. F. No. **2671**

03/05/2012 Authored by Davids and Daudt

The bill was read for the first time and referred to the Committee on Transportation Policy and Finance

1.1 A bill for an act  
1.2 relating to taxation; motor fuels excise; providing for rate reductions during  
1.3 periods of high prices; amending Minnesota Statutes 2010, sections 296A.07,  
1.4 subdivision 1, by adding a subdivision; 296A.08, subdivision 1, by adding a  
1.5 subdivision.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. Minnesota Statutes 2010, section 296A.07, subdivision 1, is amended to  
1.8 read:

1.9 Subdivision 1. **Tax imposed.** There is imposed an excise tax on gasoline, gasoline  
1.10 blended with ethanol, and agricultural alcohol gasoline used in producing and generating  
1.11 power for propelling motor vehicles used on the public highways of this state. The tax  
1.12 is imposed on the first licensed distributor who received the product in Minnesota. For  
1.13 purposes of this section, gasoline is defined in section 296A.01, subdivisions 10, 18,  
1.14 20, 23, 24, 25, 32, and 34. The tax is payable at the time and in the form and manner  
1.15 prescribed by the commissioner. The tax is payable at the rates specified in subdivision  
1.16 3 or 5, subject to the exceptions and reductions specified in section 296A.17.

1.17 **EFFECTIVE DATE.** This section is effective the day following final enactment.

1.18 Sec. 2. Minnesota Statutes 2010, section 296A.07, is amended by adding a subdivision  
1.19 to read:

1.20 Subd. 5. **Rate reductions; periods of high prices.** (a) During the periods specified  
1.21 in paragraphs (b) and (c), the rates under this subdivision apply in lieu of the rates under  
1.22 subdivision 3. For periods during which the rates under this subdivision apply, the rates  
1.23 under subdivision 3, clauses (1) and (2), must be reduced in the same proportion as the

2.1 reduction in the rates under paragraph (c), and the surcharge under section 296A.083  
2.2 does not apply.

2.3 (b) The rates as provided under paragraph (c) apply to any period beginning with the  
2.4 first day of the calendar month that is at least ten business days after the commissioner  
2.5 has determined that for two consecutive weeks regular gasoline prices for Minnesota,  
2.6 as published by the United States Energy Information Administration, fall within the  
2.7 required price range specified by one of the clauses of paragraph (c). Once imposed, the  
2.8 rates under a clause of paragraph (c) cease to apply to a period beginning with the first  
2.9 day of the calendar month that is at least ten business days after the commissioner has  
2.10 determined that for two consecutive weeks regular gasoline prices for Minnesota, as  
2.11 published by the United States Energy Information Administration, no longer fall within  
2.12 the required price range specified for that clause of paragraph (c). The commissioner shall  
2.13 notify each taxpayer subject to the tax under subdivision 1 of changes in the rates under  
2.14 this subdivision, either electronically or in writing.

2.15 (c) The rates under this paragraph apply in lieu of the rates under subdivision 3,  
2.16 clause (3), when the commissioner has determined, as provided in paragraph (b), that  
2.17 prices fall within the specified ranges:

2.18 (1) for prices equal to or greater than \$4 per gallon, but less than \$4.50 per gallon,  
2.19 20 cents per gallon;

2.20 (2) for prices equal to or greater than \$4.50 per gallon, but less than \$5 per gallon,  
2.21 ten cents per gallon; and

2.22 (3) for prices equal to or greater than \$5 per gallon, no tax applies.

2.23 **EFFECTIVE DATE.** This section is effective the day following final enactment.

2.24 Sec. 3. Minnesota Statutes 2010, section 296A.08, subdivision 1, is amended to read:

2.25 Subdivision 1. **Tax imposed.** (a) There is imposed an excise tax on all special fuel at  
2.26 the rates specified in subdivision 2 or 7. For purposes of this section, "owner or operator"  
2.27 means the operation of licensed motor vehicles, whether loaded or empty, whether for  
2.28 compensation or not for compensation, and whether owned by or leased to the motor  
2.29 carrier who operates them or causes them to be operated.

2.30 (b) For undyed diesel fuel and undyed kerosene, the tax is imposed on the first  
2.31 licensed distributor who received the product in Minnesota.

2.32 (c) For dyed fuel being used illegally in a licensed motor vehicle, the tax is imposed  
2.33 on the owner or operator of the motor vehicle.

(d) For dyed fuel used in a motor vehicle but subject to a federal exemption, although no federal tax may be imposed, the owner or operator of the vehicle is liable for the state tax.

(e) For other fuels, including jet fuel, propane, and compressed natural gas, the tax is imposed on the distributor, special fuel dealer, or bulk purchaser.

(f) Any person delivering special fuel on which the excise tax has not previously been paid, into the supply tank of an aircraft or a licensed motor vehicle shall report such delivery and shall pay, or collect and pay the excise tax on the special fuel so delivered to the commissioner.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 4. Minnesota Statutes 2010, section 296A.08, is amended by adding a subdivision to read:

**Subd. 7. Rate reductions; periods of high prices.** (a) During the periods specified in paragraphs (b) and (c), the rates under this subdivision apply in lieu of the rates under subdivision 2 and the surcharge under section 296A.083 does not apply.

(b) The rates as provided under paragraph (c) apply to any period beginning with the first day of the calendar month that is at least ten business days after the commissioner has determined that for two consecutive weeks on-highway diesel fuel prices for the midwest (PADD2), as published by the United States Energy Information Administration, fall within the required price range specified by one of the clauses of paragraph (c). Once imposed, the rates under a clause of paragraph (c) cease to apply to a period beginning with the first day of the calendar month that is at least ten business days after the commissioner has determined that for two consecutive weeks on-highway diesel fuel prices for the midwest (PADD2), as published by the United States Energy Information Administration, no longer fall within the required price range specified for that clause of paragraph (c). The commissioner shall notify each taxpayer subject to the tax under subdivision 1 of changes in the rates under this subdivision, either electronically or in writing.

(c) The rates under this paragraph apply when the commissioner has determined, as provided in paragraph (b), that prices fall within the specified ranges:

(1) for prices equal to or greater than \$4.50 per gallon, but less than \$5 per gallon, 20 cents per gallon;

(2) for prices equal to or greater than \$5 per gallon, but less than \$5.50 per gallon, ten cents per gallon; and

(3) for prices equal to or greater than \$5.50 per gallon, no tax applies.

4.1 **EFFECTIVE DATE.** This section is effective the day following final enactment.