

## CHAPTER 296

### GASOLINE, GASOLINE SUBSTITUTES

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#### 296.01 DEFINITIONS.

*[For text of subds 1 to 3, see M.S.1984]*

Subd. 4. **Fuel oil.** "Fuel oil" means a petroleum distillate, blend of petroleum distillates and residuals, or petroleum residual heating fuel which meets the flash point, pour point, water and sediment content, distillation, specific gravity, copper corrosion, and sulfur content requirements contained in American Society for Testing and Materials standard specification number D-396 as amended through August 1, 1985.

Subd. 4a. **Diesel fuel.** "Diesel fuel" means a petroleum distillate or blend of petroleum distillate and residual fuels intended for use as a motor fuel in internal combustion diesel engines. Diesel fuel must meet the flash point, water and sediment content, distillation, sulfur content, and copper corrosion requirements contained in American Society for Testing and Materials standard specification number D-975 as amended through August 1, 1985.

Subd. 4b. **Kerosene.** "Kerosene" means a refined petroleum distillate consisting of a homogeneous mixture of hydrocarbons essentially free of water, inorganic acidic and basic compounds, and excessive amounts of particulate contaminants. Kerosene must meet the color, sulfur content, distillation, flash point, and copper corrosion requirements contained in American Society for Testing and Materials standard specification number D-3699 as amended through August 1, 1985.

*[For text of subds 6 to 23, see M.S.1984]*

Subd. 24. **Agricultural alcohol gasoline.** "Agricultural alcohol gasoline" means a gasoline blend up to ten percent of which is agriculturally derived fermentation ethanol of a purity of at least 99 percent, determined without regard to any added denaturants, denatured in conformity with one of the approved methods set forth by the United States Department of Treasury, Bureau of Alcohol, Tobacco and Firearms, and derived from agricultural products such as cereal grains, cheese whey, sugar beets, or forest products or other renewable resources.

Subd. 25. **Annual compressed natural gas user permit.** "Annual compressed natural gas user permit" means a permit issued annually to a person owning a motor vehicle propelled by compressed natural gas for a fee imposed in lieu of payment of the gasoline excise tax imposed by sections 296.02 and 296.025.

**History:** 1985 c 71 s 1-3; 1985 c 128 s 1; 1Sp1985 c 14 art 2 s 1

NOTE: Subdivision 24, as amended by Laws 1985, First Special Session chapter 14, article 2, section 1, is effective July 1, 1986. See Laws 1985, First Special Session chapter 14, article 2, section 17.

#### 296.02 GASOLINE, EXCISE TAX.

*[For text of subd 1, see M.S.1984]*

**Subd. 1a. Exceptions.** The provisions of subdivision 1 do not apply to gasoline purchased by a transit system owned by one or more statutory or home rule charter cities or towns or to sales of special fuel for use in vehicles propelled by compressed natural gas and displaying a valid annual compressed natural gas user permit.

*[For text of subds 1b to 6, see M.S.1984]*

**Subd. 7. Tax reduction for agricultural alcohol gasoline.** A distributor shall be allowed a credit on each gallon of fuel grade alcohol commercially blended with gasoline or blended in a tank trunk with gasoline on which the tax imposed by subdivision 1 is due and payable. The amount of the credit is 40 cents for every gallon of fuel-grade alcohol blended with gasoline to produce agricultural alcohol gasoline. The credit allowed a distributor must not exceed the total tax liability under subdivision 1. The tax credit received by a distributor on alcohol blended with motor fuels shall be passed on to the retailer.

**Subd. 8. Tax reduction for agricultural alcohol gasoline sold in bulk to government or for school transportation.** A distributor shall be allowed a credit of 80 cents for every gallon of fuel grade alcohol blended with gasoline to produce agricultural alcohol gasoline which is sold in bulk to the state, local units of government, or for use in the transportation of pupils to and from school-related events in school vehicles. This reduction is in lieu of the reductions provided in subdivision 7.

**History:** 1985 c 128 s 2; 1Sp1985 c 14 art 2 s 2,3

NOTE: Subdivisions 7 and 8, as amended by Laws 1985, First Special Session chapter 14, article 2, sections 2 and 3 are effective July 1, 1986. See Laws 1985, First Special Session chapter 14, article 2, section 17.

## 296.025 SPECIAL FUEL, EXCISE TAX.

*[For text of subd 1, see M.S.1984]*

**Subd. 1a. Exceptions.** The provisions of subdivision 1 do not apply to special fuel purchased by a transit system owned by one or more statutory or home rule charter cities or towns or to sales of special fuel for use in vehicles propelled by compressed natural gas and displaying a valid annual compressed natural gas user permit.

*[For text of subds 2 to 6, see M.S.1984]*

**History:** 1985 c 128 s 3

## 296.026 SPECIAL FUEL; ANNUAL COMPRESSED NATURAL GAS USER PERMIT.

**Subdivision 1. Compressed natural gas annual user permit.** Any person owning a motor vehicle propelled by compressed natural gas shall obtain an annual compressed natural gas user permit for each such vehicle. The period for which a compressed natural gas user permit is valid must coincide with the motor vehicle registration period of the vehicle. A person shall obtain all required compressed natural gas user permits within 30 days of becoming a compressed natural gas user.

**Subd. 2. Permit fees imposed.** The fees for annual compressed natural gas user permits are based on each vehicle's mileage in the preceding year and are as follows:

Gross Vehicle Weight	Fee
Under 12,000 pounds	\$ 9 per 1,000 miles
12,001 - 18,000 pounds	\$16 per 1,000 miles

18,001 - 26,000 pounds	\$23 per 1,000 miles
26,001 - 36,000 pounds	\$27 per 1,000 miles
Over 36,000 pounds	\$34 per 1,000 miles

The maximum fee for an annual compressed natural gas user permit for vehicles in all gross vehicle weight classes shall not exceed the fee charged for 22,000 actual miles driven. If no true cumulative mileage figures are available for the preceding year, the fee charged under this section shall be based on 15,000 miles driven.

The fee for a permit required by this section must be calculated based on the number of unexpired months remaining in the registration year of the vehicle as measured from the date of the occurrence of the event requiring the permit.

**Subd. 3. Permit applications.** A person shall apply for a compressed natural gas user permit for each motor vehicle specified in this section each time the vehicle is registered. The commissioner of public safety shall prescribe the form of the application. The form must require the applicant to provide the following information:

- (1) the name and address of the owner or person licensing the vehicle;
- (2) a description of the vehicle, including the mileage on the vehicle as of the date of registration;
- (3) the true cumulative mileage registered on the odometer; and
- (4) other information necessary for the proper implementation of this section.

A completed application must be submitted to the department of public safety. The department of public safety shall issue a compressed natural gas user permit and collect the fee provided in this section.

**Subd. 4. Permit stickers.** The compressed natural gas user permit required by this section must be a gummed sticker prepared by the department of public safety. The permit must be attached to the lower left corner of the windshield of the motor vehicle for which it was issued. The permit must provide a space to enter the license number of the motor vehicle for which the permit is issued. The permit must show the year for which it is issued and the date of expiration of the permit.

**Subd. 5. Permit not transferable.** A compressed natural gas user permit is not transferable, either to a new vehicle or to a new owner. Upon the transfer of ownership of any motor vehicle having a compressed natural gas user permit, the department of public safety shall credit the transferor with the number of unexpired months remaining in the registration period, except that when such a vehicle is transferred within the same month in which acquired, no credit for the month is allowed. If such a transferor acquires another motor vehicle for which a special fuel user permit is required at the time of transfer, the credit provided by this section must be applied toward payment of the compressed natural gas user permit fee then due. Otherwise the transferor may file a claim for the amount of the credit with the commissioner upon a form prescribed by the commissioner. The department shall make payment of the claim from the undistributed compressed natural gas user permit fees.

**Subd. 6. Motor vehicle conversion report.** Any person who installs equipment in a motor vehicle to permit it to be powered by compressed natural gas shall report the installation to the department of public safety within 30 days. The report must include the name and address of the owner of the vehicle, the make, model, and serial number of the vehicle, the type of fuel that the vehicle was equipped to use prior to the installation, the true cumulative mileage registered on the odometer, and, if the vehicle is registered, the license plate number of the vehicle.

Subd. 7. **Fees in lieu of gas tax.** The permit fees collected under subdivision 2 are in lieu of the gasoline excise tax imposed by sections 296.02 and 296.025. Compressed natural gas sold as a fuel for motor vehicles displaying valid annual compressed natural gas permit stickers is not subject to any additional tax at the time of sale. All compressed natural gas user fees collected by the department of public safety must be deposited in state treasury and credited to the highway user tax distribution fund.

**History:** 1985 c 128 s 4

#### **296.027 PENALTY.**

Any person who provides false information, including but not limited to false odometer readings, or who otherwise fails to comply with the provisions of section 296.026, subdivisions 3 and 6, is guilty of a misdemeanor.

**History:** 1985 c 128 s 5

#### **296.028 REPORT TO THE LEGISLATURE.**

The commissioner of public safety, in cooperation with the commissioner of revenue, the commissioner of transportation, and the director of the department of public service, shall report to the legislature by October 1, 1988, on the number of annual compressed natural gas user permits issued; the impact of fees collected under section 296.026 on the highway user tax distribution fund; the percentage of usage of compressed natural gas and gasoline by vehicles utilizing both fuels; the impact of consumption of compressed natural gas on natural gas rates charged by regulated public utilities; and the costs to utilities of expenses incurred for equipment and marketing compressed natural gas as a motor vehicle fuel.

**History:** 1985 c 128 s 6

#### **296.05 SPECIFICATIONS OF PETROLEUM PRODUCTS.**

*[For text of subd 1, see M.S.1984]*

Subd. 2. **Fuel oil; diesel fuel; kerosene.** No fuel oil, diesel fuel, or kerosene shall be sold unless it conforms to section 296.01, subdivisions 4, 4a, and 4b.

Subd. 3a. *[Repealed, 1985 c 71 s 6]*

Subd. 4. **Tests, how made.** All tests shall be made by the weights and measures division of the department of public service in accordance with the methods outlined in the American Society for Testing and Materials specifications numbered D-396, D-439, D-910, D-975, and D-3699.

*[For text of subds 5 to 8, see M.S.1984]*

**History:** 1985 c 71 s 4,5

**296.10** *[Repealed, 1Sp1985 c 13 s 376 subd 1]*

#### **296.15 NONPAYMENT OF TAX, PENALTIES.**

*[For text of subds 1 to 5, see M.S.1984]*

Subd. 6. **Limitation of actions.** No action shall be brought for the collection of delinquent excise taxes and inspection fees under the provisions of this chapter unless commenced within five years after the date of assessment of the taxes and fees. In the case of a false or fraudulent report with intent to evade tax or inspection fee or of a failure to file a report, the taxes or fees may be assessed at any

time, and a proceeding in court for their collection must be begun within five years after the assessment.

The period of time during which a tax or fee must be assessed under this chapter or collection proceedings commenced under this subdivision is suspended during the period from the date of filing of a petition in bankruptcy until 30 days after the commissioner of revenue receives notice that the bankruptcy proceedings have been closed or dismissed or the automatic stay has been terminated or has expired.

The suspension of the statute of limitations under this subdivision applies to the person against whom the petition in bankruptcy is filed and all other persons who may also be wholly or partially liable for the tax under this chapter.

**History:** 1985 c 101 s 15

## 296.18 REFUND.

**Subdivision 1. Gasoline or special fuel used in other than motor vehicles.** Any person who shall buy and use gasoline for a qualifying purpose other than use in motor vehicles, snowmobiles, or motorboats, or special fuel for a qualifying purpose other than use in licensed motor vehicles, and who shall have paid the Minnesota excise tax directly or indirectly through the amount of the tax being included in the price of the gasoline or special fuel, or otherwise, shall be reimbursed and repaid the amount of the tax paid by him upon filing with the commissioner a signed claim in writing in the form and containing the information the commissioner shall require and accompanied by the original invoice thereof. By signing any such claim which is false or fraudulent, the applicant shall be subject to the penalties provided in this section for knowingly making a false claim. The claim shall set forth the total amount of the gasoline so purchased and used by him other than in motor vehicles, or special fuel so purchased and used by him other than in licensed motor vehicles, and shall state when and for what purpose it was used. When a claim contains an error in computation or preparation, the commissioner is authorized to adjust the claim in accordance with the evidence shown on the claim or other information available to him. If the commissioner is satisfied that the claimant is entitled to the payments, he shall approve the claim and transmit it to the commissioner of finance. No repayment shall be made unless the claim and invoice shall be filed with the commissioner within one year from the date of the purchase. The postmark on the envelope in which the claim is mailed shall determine the date of filing. The words "gasoline" or "special fuel" as used in this subdivision do not include aviation gasoline or special fuel for aircraft. Gasoline or special fuel bought and used for a "qualifying purpose" means:

(1) Gasoline or special fuel used in carrying on a trade or business, used on a farm situated in Minnesota, and used for a farming purpose. "Farm" and "farming purpose" have the meanings given them in section 6420(c)(2), (3), and (4) of the Internal Revenue Code of 1954, as amended through December 31, 1983.

(2) Gasoline or special fuel used for off-highway business use. "Off-highway business use" means any use by a person in that person's trade, business, or activity for the production of income. "Off-highway business use" does not include use as a fuel in a motor vehicle which, at the time of use, is registered or is required to be registered for highway use under the laws of any state or foreign country.

(3) Gasoline or special fuel placed in the fuel tanks of new motor vehicles, manufactured in Minnesota, and shipped by interstate carrier to destinations in other states or foreign countries.

*[For text of subds 2 to 8, see M.S.1984]*

**History:** 1985 c 248 s 50; 1Sp1985 c 14 art 2 s 4

**296.22 PETROLEUM PRODUCTS, REGULATIONS.***[For text of subds 6 and 10, see M.S.1984]*

Subd. 13. **Gasoline-alcohol blends; identification.** When gasoline blended with alcohol is sold, offered for sale, or dispensed for use in motor vehicles, the dispenser shall be clearly marked to identify each type of alcohol, if more than one percent by volume, blended with the gasoline. The marking shall consist of a white or yellow adhesive decal not less than two inches by six inches with clearly printed black lettering not less than one-half inch high and one-eighth inch in stroke. The marking shall be conspicuously displayed on the front side of the dispenser and state that the gasoline "CONTAINS ETHANOL" or "CONTAINS METHANOL" or has been improved "WITH ETHANOL ENRICHMENT." This subdivision does not prohibit the posting of other alcohol or additive information.

**History:** *1Sp1985 c 14 art 2 s 5*

NOTE: Subdivision 13, as amended by Laws 1985, First Special Session chapter 14, article 2, section 5, is effective July 1, 1986. See Laws 1985, First Special Session chapter 14, article 2, section 17.

**296.421 REVENUE PROVISIONS.***[For text of subds 2 and 3, see M.S.1984]*

Subd. 4. **Distribution of unrefunded tax for motor boat purposes.** The amount of unrefunded tax paid on gasoline used for motor boat purposes as computed in subdivision 5 shall be paid into the state treasury and credited to a water recreation account in the special revenue fund for acquisition, development, maintenance, and rehabilitation of sites for public access and boating facilities on public waters; lake and river improvement; state park development; and boat and water safety.

*[For text of subd 5, see M.S.1984]*

Subd. 5a. Notwithstanding subdivision 5, the amount of unrefunded tax paid on gasoline used for motor boat purposes is 1-1/2 percent from July 1, 1985, to June 30, 1987.

**History:** *1Sp1985 c 13 s 310,311*