N E B R A S K A

MOTOR FUELS UPDATE

DEPARTMENT OF REVENUE

Volume 8, Edition 3 Quarterly July 1998

1998 Legislation

The April 1998 ***Motor Fuels Update*** contained an article titled "Proposed Legislation for 1998." This article referenced LB1190 and LB1161 as being proposed. These two bills appeared to have a good chance of being passed. The article also referenced LB935 and indicated this bill would probably not be passed.

All of the changes contained in LB1190 were amended into LB1161 and LB1161 was passed by the Nebraska Legislature. LB935 was not passed.

LB1161 revises the Nebraska motor fuels tax laws in several ways. The bill became law effective July 1, 1998. The changes listed below are detailed in the April 1998 ***Motor Fuels Update***.

- ✔ **Motor fuel taxes are "trust fund" taxes with the incidence of the tax being imposed upon the ultimate consumer.**
- ✔ **Elimination of the requirement for special language on an invoice for dyed diesel.**

- ✔ **Requirement that all licensed suppliers reporting in excess of 100,000 gallons on a normal month, file electronically beginning with the January 1999 fuel tax returns.**
- ✔ **Restructure of the penalty for use of dyed diesel in a licensed motor vehicle.**
- ✔ **Elimination of the requirement for filing Nebraska Motor Fuels Retailers Report, Form 89.**
- ✔ **Motor fuels tax rate is set semiannually.**
- ✔ **Petroleum Release Remedial Action Fee is increased to $.009 per gallon for motor vehicle fuel and $.003 for all other petroleum products.**

Please refer to the previous ***Motor Fuel Update*** article or contact your account representative if you have additional questions.

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Retailers

The recent passing of LB1161 called for the Nebraska Motor Fuel Retailer Report, Form 89, to be **discontinued**. June 1998 was the final tax period that was required to be reported. The report reconciled inventory, purchases, and sales of all motor vehicle fuels. However, licensing requirements and record keeping requirements **have not changed**. If you make retail sales to end users, either in bulk or through the pump, you must be licensed with the Motor Fuels Division. Multiple locations must have their own license. There are **no fees** to become licensed and you can contact the division for an application.

The retailers are an important component of the motor fuels tracking system. The division is conducting record reviews for retailers. Our account representatives may contact you in the near future to schedule a review. While much more limited in scope than an audit, the review will ensure licensing requirements are met, records are maintained, and fuel purchases are Nebraska tax paid. Our account representatives will be pleased to answer your questions about this program.

Dyed Diesel Fuel Assessments

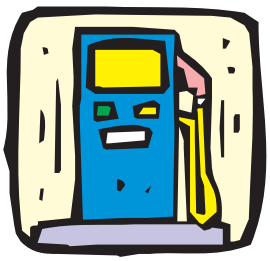
Under Nebraska law, diesel fuel that is untaxed and intended solely for nonhighway purposes **contains red dye**. The use of dyed diesel fuel in a licensed motor vehicle subjects the registered owner of the vehicle to a penalty. The amount of the penalty assessed by the State of Nebraska ranges from $250 to $1,000 depending upon the number of violations incurred over a five-year period. The federal government Internal Revenue Service (IRS) can assess an additional $1,000 penalty.

The Carrier Enforcement Section of the Nebraska Safety Patrol has equipment to test for the presence of red dye in diesel fuel. Any sample taken from a licensed motor vehicle that indicates the presence of red dye, subjects the registered owner to the appropriate penalty. The letter informing the registered owner of the assessment will spell out precisely what options and time frames must be followed. The information is also forwarded to the Internal Revenue Service who may make a separate assessment.

Certain fluids, such as transmission fluid, contain the same dye as that which is used to dye clear diesel. Therefore, owners placing transmission fluid in fuel supply tanks of licensed motor vehicles are in violation of the law and subject to assessment of the appropriate penalty.

Have you visited our Web Site?

GO TO: http://www.nol.org/revenue/fuels/fuels.htm



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TAX RATES

NEWSLETTERS

INFO GUIDES

STATUTES

APPLICATIONS

LICENSEES

Nebraska Motor Fuels Tax Rates - Motor Fuels Division Newsletters - Information Guides
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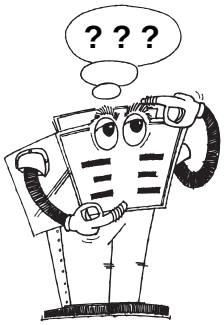
WHAT'S NEW OR CHANGED?



RATE CHANGES

The motor fuels tax rate is now set semiannually. The rate for July 1, 1998 through December 31, 1998 is **23.5 cents per gallon**.

Also effective July 1, 1998, the Petroleum Release Remedial Action Fee (PRF) rates have changed to .009 cents per gallon for motor vehicle fuel and .003 cents per gallon for all other petroleum products.

NEW REVENUE RULING

The following motor fuels revenue ruling has been issued by the Nebraska Department of Revenue and is available upon request:

Revenue Ruling 91-98-1, Diesel Fuel Tax - Taxability of Undyed Diesel Used in Clearing Delivery Lines.
Undyed diesel used to clear dyed diesel from delivery lines is subject to the motor fuel tax.

FOR MOTOR FUELS TAXPAYER ASSISTANCE

Call your account representative or toll free 1-800-554-FUEL (1-800-554-3835).
Lincoln residents call 471-5730.
For *TT (Text Telephone), dial 1-800-382-9309.

***Telecommunication Device for the Deaf (TDD) is designated by the use of "TT," which is consistent with the Americans with Disabilities Act.**

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If you have received a duplicate mailing or would like to subscribe, please call 1-800-554-3835

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