New York State
Biofuel Tax Incentives

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Bill Casey, New York State Tax Department

State & Local Tax Incentives

- Fuel Taxes
- Retail Infrastructure

Biofuels

- E-85 (by volume 85% ethanol, 15% gasoline)
- B-20 (by volume 20% biofuel, 80% petroleum diesel)
- No discussion of CNG, LPG, Hydrogen or other non-biofuels

Effective September 1, 2006

- E-85 is exempt from:

  -State fuel excise tax

  -State Petroleum Business Tax (PBT)

  -State & local sales taxes (including pre-paid sales tax)

- Exemption applies when the E-85 is delivered to and placed in the storage tank of a retail filling station—to be dispensed directly into a motor vehicle

Effective September 1, 2006

- Sales of B-20 are partially exempt from
  -State fuel excise tax
  -State Petroleum Business Tax (PBT)
  -State & local sales taxes

- The exemption amount is 20% of the otherwise applicable rates for the excise tax and PBT

- The seller can exclude 20% of the receipts from the sale of B-20 from the State & local sales taxes

- No exemption from pre-paid sales tax

E-85 Tax Rate Comparison

Total New York State, Local & Federal Taxes on a Gallon of **Motor Fuel (gasoline)** Effective July 2007

Tax Component	Tax Rate Cents Per Gallon
Excise Tax	8 cents
Petroleum Business Tax (PBT)	16.6 cents
State Sales Tax	8 cents
Petroleum Testing Fee	.05 cents
Spill Tax	.3 cents
Total State Tax	**32.95 cents**
Local sales tax (assumes 4% local sales tax rate per gallon-)*	11.6 cents
Federal Excise Tax	**18.4 cents**

* The typical local sales tax rate on motor fuels is now 4.25% --. Using $3.00 pump price per gallon, the rate per gallon is 11.6 cents.

Total New York State, Local & Federal Taxes on a Gallon of **E-85** Motor Fuel* Effective July 2007

Tax Component	Tax Rate Cents Per Gallon
Excise Tax	0 cents
Petroleum Business Tax (PBT)	0 cents
State Sales Tax	0 cents
Petroleum Testing Fee	.05 cents
Spill Tax**	0 cents
Total State Tax	**.05 cents**
Local sales tax	0 cents
Federal Excise Tax***	**0 cents**

* Effective September 1, 2006, E-85 delivered to and placed in the storage tank of a retail filling station is exempt from the State's excise, PBT and State & local sales taxes.
** The motor fuel portion (15%) of the E-85 blend is still subject to the State oil spill tax but at 15% of .3 cents per gallon –this is effectively a zero tax rate.
*** The federal excise tax of 18.4 cents per gallon applies to the motor fuel portion (15%) of the E-85 blend. However, this tax is fully offset by a 52 cent per gallon blenders' excise tax credit for each gallon of ethanol purchased.

E-85 – How the Exemption Works

- Registered Distributor
  -registration requirement
  -bond requirement
  -PT-100 series forms
  -cash flow issue

- Non-registered Supplier
  -refunds–forms FT-946/1046 &AU-630

- Retailer purchase tax exempt
  -exclude receipts on quarterly sales tax return

B-20 Tax Rate Comparison

Total New York State, Local & Federal Taxes on a Gallon of **Diesel Motor Fuel** Effective July 2007

Tax Component	Tax Rate Cents Per Gallon
Excise Tax	8 cents
Petroleum Business Tax (PBT)	14.85 cents
State Sales Tax	8 cents
Spill Tax	.3 cents
Total State Tax	**31.15 cents**
Local sales tax *	11.6 cents
Federal Excise Tax	**24.4 cents**

* The typical local sales tax rate on diesel motor fuel is now 4.25% --. Using $3.00 pump price per gallon, the rate per gallon is 11.6 cents.

Total New York State, Local & Federal Taxes on a Gallon of **B-20 Blend of Biodiesel Fuel*** Effective July 2007

Tax Component	Tax Rate Cents Per Gallon
Excise Tax	6.4 cents
Petroleum Business Tax (PBT)	11.88 cents
State Sales Tax	6 cents
Spill Tax	.3 cents
Total State Tax	**24.58 cents**
Local sales tax **	9.3 cents
Federal Excise Tax***	**4.4 cents**

* Effective September 1, 2006, sales of B-20 are subject to reduced State and local tax rates. The rate reduction is 20% of the otherwise applicable taxes for petroleum diesel fuel under the State excise, PBT and sales taxes.
** For local % rate sales taxes—20% of the receipts otherwise subject to sales tax are excluded for sales of B-20. This calculation assumes a $3 per gallon pump price.
*** The federal excise tax blenders's credit is 1 cent for each 1% blend of agri-biodiesel. For a 20% bio blend the credit is 20 cents per gallon against the 24.4 cent federal excise tax imposed on petroleum diesel fuel.

B-20 –How the Exemption Works

- Registered Distributor
  - registration requirement
  - PT100 series forms
- Purchaser
  - refunds–forms FT-946/1046 &AU-630
- Retailer
  - purchase with reduced tax
  - exclude 20 percent of receipts on quarterly sales tax return
- Exemption not restricted to highway use of B-20

Fuel Tax Incentives

- For More Information Contact:

  - Miscellaneous Business Tax Information Center 1-800-972-1233

  - www.nystax.gov

Alternative Fuels Infrastructure Credit

- Available to C corporations, sole proprietors, partnerships, S corps & limited liability corporations (LLC's)
- 50% of the cost of alternative fuel vehicle refueling property
  - placed in service during tax year
  - used more than 50% of the time in a business located in New York State
- Not refundable, but unlimited carryforward

Alternative Fuels Credit

- Must meet eligibility requirements in IRC 30C
  - Fuel requirements:
    - 85% of volume consisting of ethanol
    - Biodiesel (minimum 20% biodiesel)
    - Other fuels are eligible--no discussion of CNG, LPG, Hydrogen, LNG today

Alternative Fuels Credit

- Must meet eligibility requirements in IRC 30C
  - Property requirements:
    - Depreciable (buildings & structural components not eligible)
    - Original use commences with taxpayer
    - Used for storage or dispensing of fuel into a motor vehicle propelled by such fuel at the point where the fuel is delivered into the tank

Alternative Fuels Credit

- Leased property
  - Taxpayers acquiring property for use in their leasing business and not for resale are eligible to claim credit

- Credit transfer to affiliates
  - Available only under Article 9-A (general business corporations)
  - Must have 80% common ownership
  - Transferee becomes responsible for any recapture

Alternative Fuels Credit

- Credit forms:
  - CT-40 (general businesses, S corps)
  - IT-253 (sole proprietors, partners, S corp shareholders)

- For more information
  - www.nystax.gov
  - Corp Tax Information Center 1-888-698-2908
  - PIT Information Center 1-800-225-5829