



JULIE P. MAGEE
Commissioner

State of Alabama Department of Revenue

(www.revenue.alabama.gov)
50 North Ripley Street
Montgomery, Alabama 36132

CYNTHIA UNDERWOOD
Assistant Commissioner

MICHAEL E. MASON
Deputy Commissioner

April 2, 2012

NOTICE

ALABAMA TERMINAL EXCISE TAX ACT

On June 9, 2011, Governor Robert Bentley signed into law Act 2011-565 with the effective date of this Act being October 1, 2012. The purpose of this Act is to change the point of taxation on motor fuel from the distributor level to the terminal rack or upon import into Alabama.

Currently, licensed fuel distributors can purchase gasoline and diesel fuel tax-free and sell it tax-free to those entities exempted under Alabama law. However, with the point of taxation moving to the terminal rack on October 1, 2012, fuel distributors will no longer be able to purchase gasoline and diesel fuel tax-free.

This Act does provide a mechanism where an exempt entity can still purchase gasoline and diesel fuel tax-free or file for a refund of the tax if they purchase the fuel tax-paid. The following are the exempt entities that are provided for in the Act:

**United States Government
County Governing Body
Incorporated Municipal Governing Body
City and County Boards of Education
Alabama Institute for Deaf and Blind
Department of Youth Services School District
Private and Church Schools (K-12)**

Therefore, in order to purchase gasoline or diesel fuel without the state excise tax applied at time of purchase, the exempt entity must apply for and receive from the department a Fuel Tax Exemption License. The Application for Fuel Tax Exemption License, Form B&L:MFE-APP, can be downloaded from our website at <http://www.revenue.alabama.gov/motorfuels/racktax.html>. The completed application must be mailed to the Motor Fuels Section at the address provided at the end of this notice. This exemption license allows the exempt entity to purchase gasoline and diesel fuel tax-free from an Alabama licensed supplier, distributor, or if the purchase is made from a retail station using a credit card, the credit card issuer. In order to purchase fuel tax-free using a credit card, you need to make sure that the credit card issuer is participating in the fuel tax exemption program. A copy of the Fuel Tax Exemption License must be furnished to the licensed supplier, distributor, or the credit card issuer. Failure to apply for and receive a Fuel Tax Exemption License will result in the exempt entity being charged the state fuel tax beginning October 1, 2012.

The exempt entity can also pay the state excise tax at time of purchase and can file for a refund with the department on a quarterly basis. Purchases of aviation gasoline or jet fuel must be purchased tax-paid with the exempt entity applying for the refund. The form to file for a refund is B&L:MFT-PRE which can be downloaded from our website at <http://www.revenue.alabama.gov/motorfuels/racktax.html> beginning October 1, 2012. A Fuel Tax Exemption License is not required in order to file for a refund of the state fuel excise tax.

A set of Frequently Asked Questions (FAQ's) regarding the new point of taxation has been developed and can be found on the department website referenced above. There is a section with questions concerning exemptions and refunds that may be helpful.

If you have any questions pertaining to this matter, please contact this office at the address or telephone number shown below.

ALABAMA DEPARTMENT OF REVENUE
BUSINESS & LICENSE TAX DIVISION
MOTOR FUELS SECTION
P. O. BOX 327540
MONTGOMERY, ALABAMA 36132-7540
(334) 242-9608
(334) 242-1199 (Fax)