



**JULIE P. MAGEE**  
Commissioner

# State of Alabama Department of Revenue

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

June 9, 2015

**MICHAEL E. MASON**  
Assistant Commissioner

**JOE W. GARRETT, JR.**  
Deputy Commissioner

**CURTIS E. STEWART**  
Deputy Commissioner

## **NOTICE**

### **ACT 2015-54 – CHANGES REGARDING THE ALABAMA INSPECTION FEE AND GASOLINE EXCISE TAX**

On April 17, 2015, Governor Robert Bentley signed Act 2015-54 which amended the statutes regarding the inspection fee and the excise tax. Effective October 1, 2016, the agricultural inspection fee will be added to the gasoline excise tax and the administration of the inspection fee will be transferred to the Department of Revenue. The new gasoline tax rate will be \$.18 per gallon effective October 1, 2016. The last Inspection Fee return that will be filed with the Department of Agriculture & Industries will be for the September 2016 period which is due October 20, 2016.

The Department of Revenue will update the Terminal Excise Tax return to reflect the rate change for the gasoline excise tax. A new return will be used to report the inspection fee on dyed diesel fuel, dyed kerosene, and lubricating oil. This return will also allow the supplier or permissive supplier that is selling gasoline or undyed diesel fuel directly to a licensed exempt entity other than the federal government to remit the inspection fee on the new inspection fee return. The inspection fee rates are \$.02 per gallon for dyed diesel fuel, \$.01 per gallon for dyed kerosene, and \$.15 per gallon for lubricating oil. The inspection fee will be due upon the first sale in Alabama, upon import, or upon sale to a person or entity that is not a bonded distributor and permitted with the Department of Revenue.

Bonded distributors will be allowed to deduct the gallons of dyed diesel fuel or dyed kerosene sold to the United States Government, exported by the bonded distributor, sold to another bonded distributor, or sold to the ultimate consumer for use in firing steam boilers or combustion generating turbines by combustion from the taxable gallons reported on the monthly inspection fee return. Bonded distributors will also be allowed to deduct the gallons of lubricating oil sold to the United States Government, exported by the bonded distributor, or sold to another bonded distributor from the taxable gallons reported on the monthly inspection fee return.

The bonded distributor is required to collect and remit \$.00025 per gallon on dyed diesel fuel or dyed kerosene sold to the ultimate consumer for use in maritime vehicles, tractors, railroad locomotives, or to the ultimate consumer for use as a solvent or other agent in the treatment or preservation of wood products. The ultimate consumer cannot apply for a refund on dyed fuel purchases. If the ultimate consumer applies for a refund of the \$.19 excise tax on undyed diesel fuel used off-road, the Department of Revenue will reduce the refund by the amount of the inspection fee that is due.

Anyone holding gasoline in inventory outside the bulk terminal system will be required to submit a floor stocks tax return and remit a \$.02 per gallon inspection fee to the Alabama Department of Revenue on or before December 31, 2016 for the gallons of gasoline remaining in bulk inventory as of September 30, 2016.

**A new application and bond must be submitted to the Department of Revenue prior to the issuance of an inspection fee permit. Suppliers or permissive suppliers that sell directly to a licensed exempt entity other than the federal government or to an importer that does not have a valid inspection fee permit will be required to obtain a bonded distributor permit. Bonded distributors will be required to file monthly returns no later than the 20<sup>th</sup> day of the following the month of activity. The October 2016 return will be due November 20, 2016.**

**The Revenue Department will be sending additional information to you at a later date.**

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

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