



Arizona Department of Transportation Transportation Services Group

206 South Seventeenth Avenue Phoenix, Arizona 85007-3213

Janice K. Brewer
Governor

John S. Halikowski
Director

John A. Bogert
Chief of Operations

November 16, 2009

Notice of Requirements

The purpose of this notice is to provide guidance to suppliers and restricted distributors on the sales of aviation fuel and racing fuel.

Aviation Gas Receipt and Distribution Reporting

Per A.R.S. §28-101.5. "Aviation fuel" means all flammable liquids composed of a mixture of selected hydrocarbons expressly manufactured and blended for the purpose of effectively and efficiently operating an internal combustion engine for use in an aircraft but does not include fuel for jet or turbine powered aircraft.

Tax Rate:

The aviation fuel tax rate is \$0.05 per gallon. If it is sold for use in an engine other than an aircraft, it is considered to be a motor vehicle fuel and shall be taxed at the motor vehicle fuel tax rate of \$0.18 per gallon.

Sales of aviation fuel by a supplier or restricted distributor to airports, suppliers, restricted distributors, or federal agencies, shall be subject to the aviation fuel tax rate.

Sales of aviation fuel by a supplier or restricted distributor to persons, other than airports, suppliers, restricted distributors, or federal agencies, who declare, by signature on a signed document maintained by the supplier, or restricted distributor, the use of aviation fuel will be in aircraft only, will be permitted to purchase aviation fuel at \$0.05 per gallon.

Reporting:

Per A.R.S. §28-5618. Report requirements:

- A. On or before the twenty-seventh day of each month, a supplier shall file with the director a true and verified statement in a form prescribed by the director showing:
1. The total number of gallons of motor vehicle fuel or aviation fuel, blended, imported, exported or acquired during the preceding calendar month.
 2. The number of gallons of motor vehicle fuel or aviation fuel sold or otherwise disposed of by the supplier for use in each of the several counties of this state.
 3. The total number of gallons of motor vehicle fuel that is included in this subsection and that is intended for use in aircraft.
 4. Other information the director requires.

Avgas Used as Motor Vehicle Fuel:

Sales of aviation fuel by a supplier or restricted distributor to retail gas stations, not associated with an airport, shall collect the motor vehicle fuel tax.

(Sales to the U.S. Government for use in U.S. government owned aircraft are subject to the aviation fuel tax rate and not the motor vehicle fuel tax rate, regardless of where the sale is performed.)

Per A.R.S. 28-5611.B. If a claim for refund is based on the use of motor vehicle fuel in aircraft, five cents of the tax collected on each gallon of motor vehicle fuel claimed shall remain in the state aviation fund, and the department shall refund the remainder of the tax pursuant to section 28-5612.

Motor Vehicle Fuel used for Aircraft:

If a person purchases motor vehicle fuel and uses the fuel for aviation purposes, the person can request a refund of the \$0.13 difference from MVD.

If a supplier purchases aviation fuel from another supplier or a restricted distributor and then sells it as motor vehicle fuel the supplier is expected to report the change in fuel type and pay the difference in tax collected (\$0.18) from the tax paid (\$0.05) on the licensed supplier reports by reducing the aviation fuel tax of \$0.05 per gallon and increasing the motor vehicle fuel tax of \$0.18 per gallon on their respective tax due schedules.

If a restricted distributor purchases aviation fuel from a supplier or another restricted distributor at \$0.05 per gallon and then sells it as motor vehicle fuel the restricted distributor is expected to contact the Fuel Tax Reporting Unit for special instructions on processing.

Records:

A supplier or restricted distributor is required to maintain records of all sales of Avgas and copies of all declarations for at least three years.

Racing Fuel Receipt and Distribution Reporting

Per A.R.S. §28-101.33. "Motor vehicle fuel" includes all products that are commonly or commercially known or sold as gasoline, including casinghead gasoline, natural gasoline and all flammable liquids, and that are composed of a mixture of selected hydrocarbons expressly manufactured and blended for the purpose of effectively and efficiently operating internal combustion engines.

Motor vehicle fuel does not include inflammable liquids that are specifically manufactured for racing motor vehicles and that are distributed for and used by racing motor vehicles at a racetrack, use fuel as defined in section 28-5601, aviation fuel, fuel for jet or turbine powered aircraft or the mixture created at the interface of two different substances being transported through a pipeline, commonly known as transmix.

Tax Rate:

Racing fuel is not subject to motor vehicle fuel taxes if it is delivered to a motor racetrack and consumed for racing purposes. This extends to their testing facilities and racing shops as well.

Sales of racing fuel by a supplier or restricted distributor to a racetrack, other suppliers, other restricted distributors, or to persons who declare, by signature on a signed document maintained by the supplier, or restricted distributor, the use of racing fuel will be for racing vehicles, is not subject to motor vehicle fuel taxes.

If the sale is to a customer who cannot or will not declare that the purchase of the racing fuel will be used in a racing motor vehicle at a motor race track, testing facility, or racing shop the supplier shall charge the \$0.18 per gallon motor vehicle fuel tax rate.

Sales of racing fuel by a supplier or restricted distributor to retail gas stations shall collect the motor vehicle fuel tax of \$0.18 per gallon.

Reporting:

Per A.R.S. §28-5618. Report requirements:

A. On or before the twenty-seventh day of each month, a supplier shall file with the director a true and verified statement in a form prescribed by the director showing:

1. The total number of gallons of motor vehicle fuel or aviation fuel, blended, imported, exported or acquired during the preceding calendar month.
2. The number of gallons of motor vehicle fuel or aviation fuel sold or otherwise disposed of by the supplier for use in each of the several counties of this state.
3. The total number of gallons of motor vehicle fuel that is included in this subsection and that is intended for use in aircraft.
4. Other information the director requires.

Records:

A supplier or restricted distributor is required to maintain records of all sales of racing fuel and copies of all declarations for at least three years.