

## MOTOR FUEL/SPECIAL FUEL TAX

- Statutory Provision

Title 30, Delaware Code, Chapter 51.

- Collection/Administrative Agency

The Department of Transportation, Motor Fuel Tax Administration, administers this tax.

- General Liability

Delaware imposes an excise tax on each gallon of gasoline sold or used in the state. The tax is collected by and paid to the state by licensed distributors. An excise tax is also imposed on the retail sale or use of special fuel, which includes all combustible gases and liquids suitable for propulsion of motor vehicles except fuels that are determined to be gasoline or gasohol. The special fuel tax is collected by and paid to the state by licensed suppliers, users, and dealers.

- Tax Rates

The excise tax rate is 23 cents per gallon of gasoline and 22 cents per gallon of special fuel, sold or used in the state.

- Tax Receipts (\$ millions)<sup>1</sup>

Fiscal Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total (\$)	117.8	114.6	112.9	113.8	112.9	112.6	113.6	117.0	124.6	129.5

- Tax Preferences

The following table identifies motor and special fuel tax preferences within the Delaware Code along with annual estimated costs. Links within the table navigate to more detailed analysis of each tax preference.

TAX PREFERENCE	FY 17 (EST)	FY 18 (EST)
<a href="#">3.01 Motor Fuel Tax Exemptions</a>	\$22,000	\$20-\$25k
<a href="#">3.02 Motor Fuel Tax Refunds</a>	\$70,000	\$50-\$100k
<a href="#">3.03 Special Fuel Exemptions</a>	\$70,000	\$100-\$150k

<sup>1</sup> Figures are for gasoline and special fuel receipts

### **3.01 Motor Fuel Tax Exemptions**

1. Statutory Provision

Title 30, Delaware Code, Chapter 51, Subchapter I, §5111(a)(5)

2. Description

This provision exempts gasoline sold to volunteer fire companies, veterans groups, and civic ambulance companies from the motor fuel tax.

Section 5111 of the Delaware Code also exempts gasoline sold to the federal or state government from the motor fuel tax. However, these exemptions for governments are not considered tax preferences for the purpose of this report. (Please see section titled “Delaware Tax Provisions Not Included” for more discussion.)

3. Estimated Revenue Loss

FY 17: \$22,000

FY 18: \$20,000 - \$25,000

4. Assessment

Whether the tax code is the most appropriate policy tool to provide public support for these activities is open to question. Proponents of the preference may argue that the exemption is justified because these organizations perform quasi-public service functions that the state or one of its political subdivisions would otherwise provide.

5. Inadvertent Effects

None noted.

### **3.02 Motor Fuel Tax Refunds**

1. Statutory Provision

Title 30, Delaware Code, Chapter 51, Subchapter I, §5120(a).

2. Description

This provision allows for a refund of motor Fuel taxes in the following circumstances:

- Gas sold for use in stationary engines, tractors, motor boats, aircraft, and any other vehicle or machine that does not utilize public highways; or,
- Gas sold to operators of a taxicab business with a base of operations in Delaware.

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3. **Estimated Revenue Loss**  
FY 17: \$70,000  
FY 18: \$50,000 - \$100,000

4. **Assessment**  
Because the motor fuel excise tax is intended to be a road use tax, the exemption of fuel in off-highway vehicles and machines is considered legitimate. However, one may question the exemption for taxicabs, as their operation undoubtedly occurs on public roads and highways.

5. **Inadvertent Effects**  
None noted.

### **3.03 Special Fuel Exemptions**

1. **Statutory Provision**  
Title 30, Delaware Code, Chapter 51, §5133(a)
2. **Description**  
This provision exempts special fuels—primarily diesel—sold to volunteer fire companies, veterans groups, and civic ambulance companies from the special fuel tax.  
  
Section 5111 of the Delaware Code also exempts fuel sold to the federal or state government from the special fuel tax. However, these exemptions for governments are not considered tax preferences for the purpose of this report. (Please see section titled “Delaware Tax Provisions Not Included” for more discussion.)
3. **Estimated Revenue Loss**  
FY 17: \$70,000  
FY 18: \$100,000 - \$150,000
4. **Assessment**  
The rationale for exempting special fuels used by eligible vehicles is consistent with the exemption of such vehicles from the motor fuels tax. Please refer to the discussion in Items 3.01 and 3.02.
5. **Inadvertent Effects**  
None noted.