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**Georgia Department of Revenue**  
**Policy Bulletin MFT-2015-01**  
**HB 170 – Transportation Funding Act of 2015**  
**June 19, 2015**

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- 1) **Purpose:** The Transportation Funding Act of 2015 (HB 170) passed during the 2015 session of the Georgia General Assembly and has been signed into law by Governor Nathan Deal. The new law has an effective date of July 1, 2015. Amongst other things, HB 170 changes state motor fuel tax from the current combination of prepaid state tax, state excise tax and prepaid local tax to a single state motor fuel excise tax with some modifications to the prepaid local tax. This Bulletin discusses the implications of HB 170 to motor fuel taxation.
- 2) **Effective Date:** July 1, 2015.
- 3) **Authority:** O.C.G.A. §§ 48-2-12, 48-8-2, 48-8-3, 48-8-3.1, 48-8-3, 48-8-82, 48-8-102, 48-8-110.1, 48-8-141, 48-8-201, 48-9-3, and the MARTA Act of 1965 as amended.
- 4) **Scope:** A Policy Bulletin is intended to provide guidance to the public and to Department personnel. It is a written statement issued to apply principles of law to a specific set of facts or a general category of taxpayers, superseding all conflicting documents and oral directives previously issued by the Department. A Policy Bulletin does not have the force or effect of law and is not binding on the public. It is, however, the Department's position and is binding on agency personnel until superseded or modified by a change in statute, regulation, court decision, or subsequent Policy Bulletin.
- 5) **Summary:**
  - (a) Prior to HB 170, state motor fuel tax has consisted of three components: a prepaid state tax (representing a 3% motor fuel tax and 1% state sales tax), a 7.5¢ per gallon state excise tax, and a prepaid local tax (representing local sales tax). Beginning July 1, 2015, the current prepaid state tax component will be eliminated, and the state excise tax rate will be 26¢ per gallon for most motor fuel types (gasoline, LPG, and special fuels including CNG) except that the rate will be 29¢ per gallon for diesel. Aviation gasoline will continue to be subject to a 1¢ per gallon excise tax so long as the fuel is sold to a licensed distributor. The state excise tax will be the only statewide motor fuel tax.
  - (b) Under HB 170, local governments may continue to impose prepaid local tax on motor fuels for each relevant local sales tax in place. The Department of Revenue will continue to calculate the average retail sales price used for determining the prepaid local tax; however, the average retail sales price used to calculate the rate may not exceed \$3.00 per gallon.
  - (c) Certain exemptions from state motor fuel tax were already set to expire on June 30, 2015 and such exemptions were not renewed under HB 170. *See Question 5 below.* Entities that have been using these exemptions will be subject to the motor fuel excise tax beginning July 1, 2015.

## 6) Frequently Asked Questions:

### **(Q1) How is state motor fuel tax changing?**

HB 170 eliminates the prepaid state motor fuel tax which was based on the average retail sales price as calculated by the Department of Revenue. HB 170 also changes the motor fuel excise tax rate and provides that motor fuel excise tax will be the only statewide motor fuel tax imposed, although local taxes will still continue to apply. The excise tax will continue to be collected and remitted by motor fuel distributors. The excise tax will continue to be imposed on a per gallon basis.

### **(Q2) What is the new state motor fuel tax rate beginning July 1, 2015?**

Beginning July 1, 2015, the excise tax rate is 26¢ per gallon for gasoline, L.P.G., and special fuels including CNG. The rate will be 29¢ per gallon for diesel fuel. Beginning July 1, 2016, these rates will be adjusted annually according to a methodology provided by statute. Aviation gasoline will continue to be subject to a 1¢ per gallon excise tax, so long as the fuel is sold to a licensed distributor, and that rate will not be adjusted.

### **(Q3) How is the annual adjustment to the state motor fuel excise tax rate calculated?**

HB 170 prescribes the method by which the Department must adjust the motor fuel excise tax rate and the sources of data used in the calculation. The first adjustment will occur on July 1, 2016.

From July 1, 2016 through July 1, 2018, the annual adjustment will be based on the increase or decrease of motor vehicle fuel efficiency and the annual percentage increase or decrease in the Consumer Price Index. The Department will perform an annual calculation of fuel efficiency by calculating the change in average miles per gallon of new model year vehicles from the previous year. This percentage change will be multiplied by the current state motor fuel excise tax rate. The excise tax rate adjusted by the change in fuel efficiency will then be multiplied by the annual percentage change in the Consumer Price Index. Beginning July 1, 2019, the annual adjustment to the state motor fuel excise tax rate will no longer include the step using the Consumer Price Index; i.e., the excise tax will be adjusted by multiplying the current motor fuel excise tax rate only by the change in the fuel efficiency factor.

### **(Q4) How does HB 170 affect local taxes on motor fuel?**

The imposition of local taxes on motor fuel through the prepaid local tax is generally unaffected by HB 170; accordingly, local governments may continue to impose duly enacted local sales taxes on motor fuel pursuant to O.C.G.A. §§ 48-8-82, 48-8-102, 48-8-110.1, 48-8-141, 48-8-201, and the MARTA Act of 1965 as amended. At the same time, HB 170 imposes a \$3.00 cap on the average retail sales price used to calculate the prepaid local tax rate. The Department will continue to publish a semi-annual bulletin listing the average retail sales price used to calculate prepaid local tax. There will still be a trigger to adjust the rate in the event that the retail sales price of any particular fuel type changes by 25 percent or more. The average retail sales price is based on data compiled by the Energy Information Agency of the United States Department of Energy, the Oil Pricing Information Service, or a similar reliable published index.

**(Q5) Which motor fuel excise tax exemptions expire July 1, 2015?**

O.C.G.A. § 48-9-3 provides for several motor fuel excise tax exemptions. The following exemptions expire June 30, 2015:

- (a) Public mass transit vehicles owned by public transportation systems receiving certain federal funding. O.C.G.A. § 48-9-3(10)(A).
- (b) Vehicles operated by a public campus transportation system. O.C.G.A. § 48-9-3(10)(B).
- (c) Public school systems purchasing motor fuel for the operation of school buses. O.C.G.A. § 48-9-3(11).

Beginning July 1, 2015, the sale or purchase of motor fuel to an entity described above will be subject to the full motor fuel excise tax of 26¢ per gallon for most motor fuel types (gasoline, LPG, and special fuel including CNG) and 29¢ per gallon for diesel. However, to the extent that such entities are exempt from sales tax under O.C.G.A. § 48-8-3, the sale or purchase of motor fuel to these entities will continue to be exempt from prepaid local tax.

**(Q6) How does HB 170 change the taxation of jet fuel?**

Effective July 1, 2015, the 1% State sales and use tax exemption provided under O.C.G.A. § 48-8-3(33.1)(A) for the sale or use of jet fuel to or by a qualifying airline at a qualifying airport is repealed. Therefore, all taxable sales of jet fuel will be subject to the full 4% State sales tax rate. Additionally, beginning with July 2015 sales tax returns, all taxable jet fuel sales will be required to be reported separately by county (changes are being made to Form ST-3 to accommodate this reporting).

**FOR MORE INFORMATION**

**For more information on this subject, contact Taxpayer Services at 1-877-423-6711 from 8:00 a.m. to 4:30 p.m. EST, Monday through Friday, excluding holidays. For forms and other information, visit our website ([www.dor.georgia.gov](http://www.dor.georgia.gov)).**



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## Georgia Department of Revenue Motor Fuel Tax Bulletin State Excise Tax Rates Effective: July 1, 2015

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June 19, 2015

All licensed motor fuel distributors (suppliers) in the State of Georgia must collect a State Excise Tax on all motor fuel sold to any purchaser not licensed as a Georgia distributor. Due to the passage of HB 170 (2015 Session) the Prepaid State Tax no longer applies for sales made on or after July 1, 2015. For the Prepaid Local Tax, please see the separately issued bulletin available here:

<https://dor.georgia.gov/documents/prepaid-local-tax-motor-fuel-sales-effective-july-1-2015>

**Effective July 1, 2015**, the following State Excise Tax Rates must be collected by the licensed distributor on all sales of motor fuel sold to any purchaser not licensed as a Georgia distributor. These State Excise Tax Rates will be effective July 1, 2015 through June 30, 2016. Sales of aviation gasoline are generally subject to a 1 cent per gallon excise tax so long as the sale is made to a licensed aviation gasoline distributor (AL license); if not then the 26 cent rate will apply.

<u>Motor Fuel Type</u>	<u>State Excise Tax Rate</u>
1. Gasoline	\$0.26 Per Gal.
2. Diesel (Clear/Dyed)	\$0.29 Per Gal.
3. Aviation Gasoline	\$0.01 Per Gal.
4. L.P.G.	\$0.26 Per Gal.
5. Special Fuel (includes CNG)	\$0.26 Per Gal.

### FOR MORE INFORMATION

The State Excise Tax Rates are published annually and are posted to the Department of Revenue website. Should you have any questions regarding this bulletin, please visit our Internet site at <http://dor.georgia.gov/> or call the Taxpayer Services Division, Motor Fuel Unit, 8:00 a.m. to 4:30 p.m., EST, Monday through Friday, excluding holidays, at 1-877-423-6711.