

SENATE, No. 1401

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED FEBRUARY 13, 2020

Sponsored by:

Senator MICHAEL J. DOHERTY

District 23 (Hunterdon, Somerset and Warren)

SYNOPSIS

Decreases petroleum products gross receipts tax rate on certain petroleum products.

CURRENT VERSION OF TEXT

As introduced.



1 **AN ACT** decreasing the petroleum products gross receipts tax rate
2 on certain petroleum products, revising various parts of the
3 statutory law.

4
5 **BE IT ENACTED** *by the Senate and General Assembly of the State*
6 *of New Jersey:*

7
8 1. Section 2 of P.L.1990, c.42 (C.54:15B-2) is amended to read
9 as follows:

10 2. For the purposes of this act:

11 **["Aviation fuel"** means aviation gasoline or aviation grade
12 kerosene or any other fuel that is used in aircraft.

13 "Aviation gasoline" means fuel specifically compounded for use
14 in reciprocating aircraft engines.

15 "Aviation grade kerosene" means any kerosene type jet fuel
16 covered by ASTM Specification D 1655 or meeting specification
17 MIL-DTL-5624T (Grade JP-5) or MIL-DTL-83133E (Grade JP-8).

18 "Blended fuel" means a mixture composed of gasoline, diesel
19 fuel, kerosene or blended fuel and another liquid, including blend
20 stock other than a de minimis amount of a product such as
21 carburetor detergent or oxidation inhibitor, that can be used as a
22 fuel in a highway vehicle. "Blended fuel" includes but is not
23 limited to gasohol, biobased liquid fuel, biodiesel fuel, ethanol,
24 methanol, fuel grade alcohol, diesel fuel enhancers and resulting
25 blends.】

26 "Company" includes a corporation, partnership, limited
27 partnership, limited liability company, association, individual, or
28 any fiduciary thereof.

29 **["Diesel fuel"** means a liquid that is commonly or commercially
30 known or sold as a fuel that is suitable for use in a diesel-powered
31 highway vehicle. A liquid meets this requirement if, without
32 further processing or blending, the liquid has practical and
33 commercial fitness for use in the propulsion engine of a diesel-
34 powered highway vehicle. "Diesel fuel" includes biobased liquid
35 fuel, biodiesel fuel, and number 1 and number 2 diesel.】

36 "Director" means the Director of the Division of Taxation in the
37 Department of the Treasury.

38 "First sale of petroleum products within this State" means the
39 initial sale of a petroleum product delivered to a location in this
40 State. A "first sale of petroleum products within this State" does
41 not include a book or exchange transfer of petroleum products if
42 such products are intended to be sold in the ordinary course of
43 business.

44 **["Gasoline"** means all products commonly or commercially
45 known or sold as gasoline that are suitable for use as a motor fuel.

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 “Gasoline” does not include products that have an ASTM octane
2 number of less than 75 as determined by the "motor method,"
3 ASTM D2700-92. The term does not include racing gasoline or
4 aviation gasoline, but for administrative purposes does include fuel
5 grade alcohol.】

6 "Gross receipts" means all consideration derived from the first
7 sale of petroleum products within this State except sales of:

8 a. asphalt;

9 b. petroleum products sold pursuant to a written contract
10 extending one year or longer to nonprofit entities qualifying under
11 subsection (b) of section 9 of P.L.1966, c.30 (C.54:32B-9) as
12 evidenced by an invoice in form prescribed by subsection b. of
13 section 3 of P.L.1991, c.19 (C.54:15B-10);

14 c. petroleum products sold to governmental entities qualifying
15 under subsection (a) of section 9 of P.L.1966, c.30 (C.54:32B-9) as
16 evidenced by an invoice in form prescribed by subsection b. of
17 section 3 of P.L.1991, c.19 (C.54:15B-10); and

18 d. polymer grade propylene used in the manufacture of
19 polypropylene.

20 【“Highway fuel” means gasoline, blended fuel that contains
21 gasoline or is intended for use as gasoline, liquefied petroleum gas,
22 and diesel fuel, blended fuel that contains diesel fuel or is intended
23 for use as diesel fuel, and kerosene, other than aviation grade
24 kerosene.

25 "Kerosene" means the petroleum fraction containing
26 hydrocarbons that are slightly heavier than those found in gasoline
27 and naphtha, with a boiling range of 149 to 300 degrees Celsius.】

28 "Petroleum products" means refined products made from crude
29 petroleum and its fractionation products, through straight
30 distillation of crude oil or through redistillation of unfinished
31 derivatives, but shall not mean the products commonly known as
32 number 2 heating oil, number 4 heating oil, number 6 heating oil,
33 kerosene and propane gas to be used exclusively for residential use.

34 "Quarterly period" means a period of three calendar months
35 commencing on the first day of January, April, July or October and
36 ending on the last day of March, June, September or December,
37 respectively.

38 "Retail price per gallon" means the price 【charged by】 posted by
39 gasoline retailers in the State for 【a gallon of the petroleum product
40 dispensed into the fuel tanks of motor vehicles without State or
41 federal tax included】 unleaded regular gasoline.

42 "Unleaded regular gasoline" means gasoline of the octane rating
43 equal to the lowest octane rated gasoline offered for sale at a
44 majority of the gasoline retailers in the State.

45 【“2016 implementation date” means the later of November 1,
46 2016 or the 15th day after the date of enactment of P.L.2016, c.57.】
47 (cf: P.L.2016, c.57, s.12)

1 2. Section 7 of P.L.1991, c.181 (C.54:15B-2.1) is amended to
2 read as follows:

3 7. a. "Gross receipts," as otherwise defined by section 2 of
4 P.L.1990, c.42 (C.54:15B-2), shall not include receipts from sales
5 of petroleum products used by marine vessels engaged in interstate
6 or foreign commerce and receipts from sales of aviation fuels used
7 by common carriers in interstate or foreign commerce other than the
8 "burnout" portion which shall be taxable pursuant to rules
9 promulgated by the director.

10 b. [Highway fuel used for the following purposes is exempt
11 from the tax imposed by section 3 of P.L.1990, c.42 (C.54:15B-3),
12 and a refund of the tax imposed by that section may be claimed by
13 the consumer providing proof the tax has been paid and no refund
14 has been previously issued:

15 (1) autobuses while being operated over the highways of this
16 State in those municipalities to which the operator has paid a
17 monthly franchise tax for the use of the streets therein under the
18 provisions of R.S.48:16-25 and autobuses while being operated over
19 the highways of this State in a regular route bus operation as
20 defined in R.S.48:4-1 and under operating authority conferred
21 pursuant to R.S.48:4-3, or while providing bus service under a
22 contract with the New Jersey Transit Corporation or under a
23 contract with a county for special or rural transportation bus service
24 subject to the jurisdiction of the New Jersey Transit Corporation
25 pursuant to P.L.1979, c.150 (C.27:25-1 et seq.), and autobuses
26 providing commuter bus service which receive or discharge
27 passengers in New Jersey. For the purpose of this paragraph
28 "commuter bus service" means regularly scheduled passenger
29 service provided by motor vehicles whether within or across the
30 geographical boundaries of New Jersey and utilized by passengers
31 using reduced fare, multiple ride, or commutation tickets and shall
32 not include charter bus operations for the transportation of enrolled
33 children and adults referred to in subsection c. of R.S.48:4-1 and
34 "regular route service" does not mean a regular route in the nature
35 of special bus operation or a casino bus operation;

36 (2) agricultural tractors not operated on a public highway;

37 (3) farm machinery;

38 (4) ambulances;

39 (5) rural free delivery carriers in the dispatch of their official
40 business;

41 (6) vehicles that run only on rails or tracks, and such vehicles as
42 run in substitution therefor;

43 (7) highway motor vehicles that are operated exclusively on
44 private property;

45 (8) motor boats or motor vessels used exclusively for or in the
46 propagation, planting, preservation and gathering of oysters and
47 clams in the tidal waters of this State;

- 1 (9) motor boats or motor vessels used exclusively for
2 commercial fishing;
- 3 (10) motor boats or motor vessels, while being used for hire for
4 fishing parties or being used for sightseeing or excursion parties;
- 5 (11) fire engines and fire-fighting apparatus;
- 6 (12) stationary machinery and vehicles or implements not
7 designed for the use of transporting persons or property on the
8 public highways;
- 9 (13) heating and lighting devices;
- 10 (14) motor boats or motor vessels used exclusively for Sea Scout
11 training by a duly chartered unit of the Boy Scouts of America; and
- 12 (15) emergency vehicles used exclusively by volunteer first-aid
13 or rescue squads. **】** (Deleted by amendment, P.L. __, c. __) (pending
14 before the Legislature as this bill)
15 (cf: P.L.2016, c.57, s.13)
16

17 3. Section 3 of P.L.1990, c.42 (C.54:15B-3) is amended to read
18 as follows:

- 19 3. a. **【(1) (a)】** There is imposed on each company which is
20 engaged in the refining or distribution, or both, of petroleum
21 products **【other than highway fuel and aviation fuel】** and which
22 distributes such products in this State a tax at the rate of **【seven**
23 **percent】** two and three-quarters percent (2 3/4%) of its gross
24 receipts derived from the first sale of petroleum products within this
25 State **【and there is imposed on each company which is engaged in**
26 **the refining or distribution, or both, of highway fuel a tax at the rate**
27 **of 12.85 percent, as adjusted pursuant to subsection c. of this**
28 **section, of its gross receipts derived from the first sale of those**
29 **products within this State.】** ; provided however, that the
30 **【(b) The】** applicable tax rate for **【gasoline, blended fuel that**
31 **contains gasoline or is intended for use as gasoline, and liquefied**
32 **petroleum gas, which are taxed as a highway fuel pursuant to**
33 **subparagraph (a) of this paragraph,】** fuel oils, aviation fuels and
34 motor fuels subject to tax under R.S.54:39-1 et seq. shall be
35 converted to a cents-per-gallon rate, rounded to the nearest **【tenth**
36 **of a】** cent, **【and adjusted quarterly by the director, effective on July**
37 **1, October 1, January 1, and April 1, based on】** that shall be
38 calculated by the use of the average retail price per gallon of
39 unleaded regular gasoline **【in the State】** in December 1990, as
40 determined in **【the most recent】** a survey of the retail **【price per**
41 **gallon of】** gasoline prices that **【includes】** included a Statewide
42 representative random sample conducted in December 1990 for that
43 month by the Board of Public Utilities, Office of the Economist, **【or**
44 **its successor.】** and shall be effective for the tax due for months
45 ending after that date; and

1 【(c) The cents-per-gallon rate determined pursuant to
2 subparagraph (b) of this paragraph shall not be less than the rate
3 determined for the average retail price per gallon of unleaded
4 gasoline in the State on July 1, 2016.

5 (d) The applicable tax rate for diesel fuel, blended fuel that
6 contains diesel fuel or is intended for use as diesel fuel, and
7 kerosene, other than aviation grade kerosene, which are taxed as a
8 highway fuel pursuant to subparagraph (a) of this paragraph, shall
9 be converted to a cents-per-gallon rate, rounded to the nearest tenth
10 of a cent, and adjusted quarterly by the director, effective on July 1,
11 October 1, January 1, and April 1, based on the average retail price
12 per gallon of number 2 diesel in the State, as determined in the most
13 recent survey of retail diesel fuel prices that includes a Statewide
14 representative random sample conducted by the Board of Public
15 Utilities, Office of the Economist, or its successor.

16 Notwithstanding the provisions of subparagraph (a) of this
17 paragraph to the contrary, for the period from the 2016
18 implementation date through December 31, 2016, no rate of tax
19 shall be applied to diesel fuel, blended fuel that contains diesel fuel
20 or is intended for use as diesel fuel, or kerosene, other than aviation
21 grade kerosene; for the period from January 1, 2017 through June
22 30, 2017, the applicable rate for those fuels shall be 70 percent of
23 the rate otherwise determined pursuant to subparagraph (a) of this
24 paragraph, and for July 1, 2017 and thereafter the applicable rate for
25 those fuels determined pursuant to subparagraph (a) of this
26 paragraph.

27 (e) The cents-per-gallon rate determined pursuant to
28 subparagraph (d) of this paragraph shall not be less than the rate
29 determined for the average retail price per gallon of number 2 diesel
30 in the State on July 1, 2016.

31 (f) The applicable tax rate for fuel oil determined pursuant to
32 subparagraph (a) of this paragraph shall be converted to a cents-per-
33 gallon rate, rounded to the nearest tenth of a cent, and adjusted
34 quarterly by the director, effective on July 1, October 1, January 1,
35 and April 1, to reflect the average price per gallon, without State or
36 federal tax included, of retail sales of number 2 fuel oil in the State,
37 as determined in the most recent survey of retail diesel fuel prices
38 that included a Statewide representative random sample conducted
39 by the Board of Public Utilities, Office of the Economist, or its
40 successor.

41 (g) The cents-per-gallon rate determined pursuant to
42 subparagraph (f) of this paragraph shall not be less than the rate
43 determined for the average price per gallon, without State or federal
44 tax included, of retail sales of number 2 fuel oil in the State on July
45 1, 2016.

46 (h) On and after the 10th day following a certification by the
47 review council pursuant to subsection c. of section 19 of P.L.2016,

1 c.57 (C.52:18A-257), no tax shall be imposed pursuant to this
2 paragraph.

3 (2) (a) In addition to the tax, if any, imposed by paragraph (1)
4 of this subsection, a cents-per-gallon tax is imposed on each
5 company's gross receipts derived from the first sale of petroleum
6 products within this State on gasoline, blended fuel that contains
7 gasoline or that is intended for use as gasoline, liquefied petroleum
8 gas, and aviation fuel at the rate of four cents per gallon; and

9 (b) In addition to the tax, if any, imposed by paragraph (1) of
10 this subsection, a cents-per-gallon tax is imposed on each
11 company's gross receipts derived from the first sale of petroleum
12 products within this State on diesel fuel, blended fuel that contains
13 diesel fuel or is intended for use as diesel fuel, and kerosene, other
14 than aviation grade kerosene, at the rate of four cents per gallon
15 before July 1, 2017 and at the rate of eight cents per gallon on and
16 after July 1, 2017.】

17 b. There is imposed on each company that imports or causes to
18 be imported, other than by a company subject to and having paid
19 the tax on those imported petroleum products that have generated
20 gross receipts taxable under subsection a. of this section, petroleum
21 products for use or consumption by it within this State a tax at the
22 rate 【or rates, determined pursuant to subsection a. of this section,
23 on】 of two and three-quarters percent (2 3/4%) of the consideration
24 given or contracted to be given 【and the gallonage】 for such
25 petroleum products if the consideration given or contracted to be
26 given for all such deliveries made during a quarterly period exceeds
27 \$5,000 ; provided however, that the applicable tax rate for fuel oils,
28 aviation fuels and motor fuels subject to tax under R.S.54:39-1 et
29 seq. shall be converted to a cents per gallon rate, rounded to the
30 nearest cent, that shall be calculated by the use of the average retail
31 price per gallon of unleaded regular gasoline in December 1990, as
32 determined in a survey of retail gasoline prices that included a
33 Statewide representative random sample conducted in December
34 1990 for that month by the Board of Public Utilities, Office of the
35 Economist, and shall be effective for the tax due for months ending
36 after that date.

37 c. 【(1) For State fiscal years 2018 through 2026, the rate of tax
38 imposed on highway fuel pursuant to subsection a. of this section
39 shall be adjusted annually so that the total revenue derived from
40 highway fuel shall not exceed the highway fuel cap amount.

41 (2) The State Treasurer shall, on or before December 31, 2016,
42 determine the highway fuel cap amount as the sum of:

43 (a) the taxes collected for State Fiscal Year 2016 pursuant to
44 paragraphs (1) and (2) of subsection a. of section 3 of P.L.2010,
45 c.22 (C.54:39-103) on highway fuel,

1 (b) the amount derived from taxing the gallonage of highway
2 fuel subject to motor fuel tax in State Fiscal Year 2016 at the rate of
3 four cents per gallon, and
4 (c) the amount that would have been derived from taxing the
5 gallonage of highway fuel subject to motor fuel tax in State Fiscal
6 Year 2016 at the rate of 23 cents per gallon.

7 (3) On or before August 15 of each State Fiscal Year following
8 State Fiscal Year 2017, the State Treasurer and the Legislative
9 Budget and Finance Officer shall determine the total revenue
10 derived from:

11 (a) the taxes collected for the prior State Fiscal Year pursuant to
12 paragraphs (1) and (2) of subsection a. of section 3 of P.L.2010,
13 c.22 (C.54:39-103) on highway fuel,
14 (b) the revenue that would be derived from imposing the tax
15 pursuant to paragraph (2) of subsection a. of this section on
16 highway fuel at the rate of four cents per gallon, and
17 (c) the revenue derived from the taxation of highway fuel
18 pursuant to paragraph (1) of subsection a. of this section.

19 (4) Upon consideration of the result of the determination
20 pursuant to paragraph (3) of this subsection, and consultation with
21 the Legislative Budget and Finance Officer, the State Treasurer
22 shall determine the rate of tax to be imposed on highway fuel
23 pursuant to subsection a. of this section that will result in revenue
24 from:

25 (a) the taxes collected on highway fuel for the current State
26 Fiscal Year pursuant to paragraphs (1) and (2) of subsection a. of
27 section 3 of P.L.2010, c.22 (C.54:39-103),
28 (b) the revenue derived from the tax imposed pursuant to
29 paragraph (2) of subsection a. of this section on highway fuel at the
30 rate of four cents per gallon for the current State Fiscal Year, and
31 (c) the revenue derived from the taxation of highway fuel
32 pursuant to paragraph (1) of subsection a. of this section
33 equaling the highway fuel cap amount determined pursuant to
34 paragraph (2) of this subsection, as adjusted pursuant to paragraph
35 (5) of this subsection;

36 and that rate shall take effect on October 1 of that year.

37 (5) If the actual revenue determined pursuant to paragraph (3) of
38 this subsection exceeds the highway fuel cap amount determined
39 pursuant to paragraph (2) of this subsection, then the highway fuel
40 cap amount for the succeeding year shall be decreased by the
41 amount of the excess in setting the rate pursuant to paragraph (4) of
42 this subsection. If the actual revenue determined pursuant to
43 paragraph (3) of this subsection is less than the highway fuel cap
44 amount determined pursuant to paragraph (2) of this subsection,
45 then the highway fuel cap amount for the succeeding year shall be
46 increased by the amount of the shortfall in setting the rate pursuant
47 to paragraph (4) of this subsection.】 (Deleted by

1 amendment, P.L. , c.) (pending before the Legislature as this
2 bill)

3 (cf: P.L.2016, c.57, s.14)

4

5 4. Section 2 of P.L.1991, c.19 (C.54:15B-9) is amended to read
6 as follows:

7 2. a. A person who shall purchase or otherwise acquire
8 petroleum products, upon which the petroleum products gross
9 receipts tax has not been paid and is not due pursuant to subsection
10 b. of section 5 of P.L.1990, c.42 (C.54:15B-5) or upon which a
11 reimbursement payment has been paid pursuant to section 3 of
12 P.L.1991, c.19 (C.54:15B-10), from a federal government
13 department, agency or instrumentality, or any agent or officer
14 thereof, for use not specifically associated with any federal
15 government function or operation, shall pay to the State a tax [at
16 the rate or rates] equivalent to two and three-quarters percent (2
17 3/4%) of the consideration given or contracted to be given for the
18 purchase or acquisition of the petroleum products [and the
19 gallonage, determined pursuant to subsection a. of section 3 of
20 P.L.1990, c.42 (C.54:15B-3)] in accordance with the procedures set
21 forth in the "Petroleum Products Gross Receipts Tax Act,"
22 P.L.1990, c.42 (C.54:15B-1 et seq.).

23 b. A person who knowingly uses, or who conspires with an
24 official, agent or employee of a federal government department,
25 agency or instrumentality, for the use of, a requisition, purchase
26 order, or a card or an authority to which the person is not
27 specifically entitled by government regulations, with the intent to
28 obtain petroleum products from a federal government department,
29 agency or instrumentality for a use not specifically associated with
30 a federal government function or operation, upon which the
31 petroleum products gross receipts tax has not been paid, is guilty of
32 a crime of the fourth degree.

33 (cf: P.L.2016, c.57, s.15)

34

35 5. Section 3 of P.L.1991, c.19 (C.54:15B-10) is amended to
36 read as follows:

37 3. a. A federal government department, agency or
38 instrumentality, that purchases petroleum products other than by the
39 first sale of that product in this State for use in a federal government
40 function or operation, upon which petroleum products the
41 petroleum products gross receipts tax has been paid or is due and
42 payable, shall be reimbursed and paid an amount [at the rate or
43 rates] equivalent to two and three-quarters percent (2 3/4%) of the
44 consideration given or contracted to be given [, and the gallonage,
45 determined pursuant to subsection a. of section 3 of P.L.1990, c.42
46 (C.54:15B-3)] by the federal government department, agency or
47 instrumentality for the purchase of the petroleum products.

1 b. The reimbursement shall be claimed by presenting to the
2 Director of the Division of Taxation in the Department of the
3 Treasury an application for the reimbursement, on a form prescribed
4 by the director, which application shall be verified by a declaration
5 of the applicant that the statements contained therein are true. Such
6 application for reimbursement shall be supported by an invoice, or
7 invoices, showing the name and address of the person from whom
8 the petroleum products were purchased, the name of the purchaser,
9 the date of purchase, the quantity of the product purchased, the
10 price paid for the purchase of the product, and an acknowledgment
11 by the seller that payment of the cost of the product to the seller,
12 including the petroleum gross receipts tax due thereon, has been
13 made. Such invoice, or invoices, shall be legibly written and shall
14 be void if any corrections or erasures shall appear on the face
15 thereof.

16 c. If petroleum products are sold to a federal government
17 department, agency or instrumentality that shall be entitled to a
18 reimbursement under this act, the seller of the petroleum products
19 shall supply the purchaser with an invoice that conforms with the
20 requirements of subsection b. of this section.

21 (cf: P.L.2016, c.57, s.16)

22

23 6. Section 19 of P.L.2016, c.57 (C.52:18A-257) is amended to
24 read as follows:

25 19. a. The State Treasurer, and the Legislative Budget and
26 Finance Officer, together with a third public member who shall be
27 jointly selected thereby, shall constitute the review council.

28 b. The review council shall, on or before January 15, 2020,
29 provide the Governor and the Legislature with an advisory report of
30 their consensus estimate of the increase or decrease in State
31 revenues pursuant to each section of P.L.2016, c.57 (C.54:15B-13 et
32 al.), and pursuant to this act as a whole, during the preceding three
33 State fiscal years, including a comparison of those estimates to the
34 legislative fiscal estimate or fiscal note published contemporaneous
35 with the enactment of this act prepared pursuant to P.L.1980, c.67
36 (C.52:13B-6 et seq.).

37 c. **【**The review council shall conduct an ongoing review of the
38 application of each section of P.L.2016, c.57 (C.54:15B-13 et al.).

39 The review council shall, not later than five days after any
40 Legislative action that halts, delays, or reverses the implementation
41 of those sections as scheduled on the date of enactment of P.L.2016,
42 c.57 (C.54:15B-13 et al.), certify for the purposes of subparagraph
43 (h) of paragraph (1) of subsection a. of section 3. of P.L.1990, c.42
44 (C.54:15B-3) to the Director of the Division of Taxation that the
45 scheduled implementation of P.L.2016, c.57 (C.54:15B-13 et al.)
46 had been impeded.**】** (Deleted by amendment, P.L. __, c. __) (pending
47 before the Legislature as this bill)

48 (cf: P.L.2016, c.57, s.19)

1 7. Section 20 of P.L.2016, c.57 is amended to read as follows:

2 20. This act shall take effect immediately, provided, however,
3 that section 8 shall apply to taxable years beginning on or after
4 January 1, 2017 **】, and sections 12 through 16 shall apply to first**
5 **sales of petroleum products within this State and to deliveries of**
6 **petroleum products for use or consumption within this State made**
7 **on or after the 2016 implementation date**】.****

8 (cf: P.L.2016, c.57, s.20)

9

10 8. Section 17 of P.L.2016, c.57 (C.54:15B-13) and section 18
11 of P.L.2016, c.57 are repealed.

12

13 9. This act shall take effect immediately.

14

15

16

STATEMENT

17

18 This bill decreases the petroleum products gross receipts tax rate
19 on certain petroleum products to alleviate the additional tax burden
20 imposed on individuals and businesses by tax rate increases
21 provided by P.L.2016, c.57, implemented on November 1, 2016.

22 In addition to certain other tax law changes, P.L.2016, c.57
23 increased the base tax rate on petroleum products, other than
24 highway fuel and other than aviation fuel, from 2.75 percent to 7
25 percent of gross receipts, and increased the base tax rate on
26 highway fuel from 2.75 percent to 12.85 percent of gross receipts.
27 The law provides for the base rates on these petroleum products to
28 be converted to a cents-per-gallon rate based on the pre-tax retail
29 price of the petroleum product, and allows for the cents-per-gallon
30 rate to be adjusted quarterly but not to fall below the rates
31 determined on July 1, 2016.

32 This bill eliminates those tax rate increases so that the rates of
33 tax imposed on gross receipts from the first sale of petroleum
34 products in this State are returned to their pre-November 1, 2016
35 levels. As a result of this change, the base tax rate imposed on
36 petroleum products will be decreased from 7 percent to 2.75 percent
37 of gross receipts, and the base tax rate imposed on highway fuel
38 similarly will be decreased from 12.85 percent to 2.75 percent of
39 gross receipts.

40 The bill eliminates added provisions of the petroleum products
41 gross receipts tax that allow for the cents-per-gallon rate on
42 gasoline, gasoline equivalents, liquefied petroleum gas, diesel fuel,
43 diesel fuel equivalents, kerosene, and fuel oil to be adjusted
44 quarterly. In doing so, the bill directs the percentage tax rate
45 imposed on motor fuels, aviation fuels, and heating fuels to be
46 converted to a cents-per-gallon rate of \$0.04 per gallon in keeping
47 with the method of taxation on those products prior to enactment of
48 P.L.2016, c.57.

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1 The bill also eliminates provisions that established a highway
2 fuel cap under the petroleum products gross receipts tax, revises
3 certain defined terms under the tax, modifies the duties and
4 responsibilities of the three-member review council established by
5 P.L.2016, c.57, and repeals the temporary “floor tax” and the
6 authorization for the adoption of temporary rules and regulations to
7 effectuate the purposes of the tax rate decrease provided by the bill.
8 The bill takes effect immediately upon enactment.