



North Carolina Department of Revenue

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Governor

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MOTOR FUELS TAX DIVISION UPDATE NOTICE

Excise Tax on Biodiesel, Ethanol, and Methanol

Notification was previously sent by the North Carolina Department of Revenue (NCDOR) that the 2007 General Assembly enacted legislation that amended the statutes to impose tax on fuel alcohol and biodiesel at the refinery, terminal rack, or upon importation into the State. The intent of this amendment was to impose the tax at the same point as gasoline and diesel.

Upon review of G.S. 105-449.81, the Division discovered that while it may have been the intent to impose the tax at the same point as gasoline and diesel, the statutes state that the product would be subject to federal excise tax imposed by § 4081 of the Internal Revenue Code, which is imposed when the product is blended with gasoline or diesel.

The General Assembly has pending legislation that will amend the statutes effective January 1, 2009. Until this legislation has been signed into law, any company that blends biodiesel, ethanol, or methanol with gasoline or diesel is required to be licensed as either a Biodiesel Provider or a Fuel Alcohol Provider.

A license application may be obtained from the Division's website at www.dornc.com. No bond is required for either license type unless the average annual liability is at least \$2,000.

Questions regarding this notice may be directed to the Motor Fuels Tax Division at (919) 733-3409 or toll free (877) 308-9092.