



Florida Department of Revenue
Tax Information Publication

TIP

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**LOCAL GOVERNMENT USERS AND MASS TRANSIT SYSTEMS THAT
MANUFACTURE BIODIESEL FOR THEIR OWN USE OR FOR SALE
MUST BE LICENSED AS WHOLESALERS**

Fuel Tax Licensing and Reporting

Effective immediately, local government users and mass transit system providers that produce biodiesel for their own use or for sale will be required to obtain an additional fuel tax license from the Department of Revenue. The Florida fuel tax law requires that each biodiesel manufacturer must meet the licensing, reporting, and bonding requirements of wholesalers. For compliance with this statutory requirement, local governments and mass transit system providers that manufacture biodiesel for their own use or for sale are required to be licensed as wholesalers. A producer of bio-diesel may register for a wholesaler's license by filing form DR-156 with the Florida Department of Revenue.

Upon becoming licensed as a wholesaler, a local government or mass transit system provider is required to file a monthly Wholesaler/Importer Fuel Tax Return, and report **ONLY** the gallons of biodiesel produced in the month for which a return is filed. Fuel tax is due on gallons of bio-diesel manufactured at the production/storage facility and shall be reported as a receipt on Schedule 2B of the Wholesaler/Importer Fuel Tax Return.

Local government users and mass transit system providers will continue to file the appropriate fuel tax return to claim credits or refunds for tax paid on biodiesel fuel used for exempt purposes. Each month, the wholesaler shall reconcile the gallons of biodiesel manufactured during a month to the gallons transferred during the same month to the Local Government User or Mass Transit System Provider Tax Return. All gallons of biodiesel produced and transferred by a wholesaler from a biofuel production/storage facility to various departments or units of the local government or mass transit system provider (local government) shall be entered as a disbursement on Schedule 5A of the Wholesaler/Importer Fuel Tax Return and as a receipt on Schedule 1A of the Local Government User or Mass Transit System Provider Return. A full or partial refund/credit of the taxes paid on the production of biodiesel shall be requested on the Local Government User or Mass Transit System Provider Return.

The taxable gallons of biodiesel sold to others from the biofuel production/storage facility are not gallons that will be received by the local government user or mass transit system provider, and are not subject to credit or refund, since those gallons are not shown in the inventory of the local government or mass transit system. Instead, these gallons will be reported as a disbursement on Schedule 5A of the Wholesaler/Importer Fuel Tax Return with a point of destination to the applicable purchaser.

If biodiesel is dyed at the biofuel production/storage facility in compliance with Internal Revenue Service regulations, the dyed biodiesel will be treated, for taxing purposes, in the same manner as dyed diesel purchased by a local government user or mass transit system provider. Gallons of the dyed biodiesel transferred from the biofuel production/storage facility to various departments or units of the local government or to the mass transit system are not subject to fuel taxes at the point of transfer. However, the dyed biodiesel used in the on-road vehicles of each entity is subject to tax, and is required to be remitted to the state, at the rate currently being paid on dyed diesel fuel used in those vehicles.

Local governments or mass transit systems not licensed as local government users or mass transit system providers that manufacture biodiesel, but are permitted by the Department of Revenue to file quarterly refund applications are also required to be licensed as a wholesaler and to follow the same reporting procedures as are outlined above for licensed local government users and mass transit system providers. Biodiesel transferred to the local government or mass transit system from the production side (wholesaler) to each permitted entity will be taxable unless the biodiesel meets the federal dyeing and marking requirements. Refunds will continue to be authorized on the gallons of biodiesel received by the local government that qualify for refund. **Local governments and mass transit systems not licensed as local government users or mass transit system providers are not authorized to use dyed diesel or biodiesel in on-road vehicles.**

Pollutants Tax Licensing and Reporting

Licensed wholesalers who produce pollutants or import pollutants into Florida are required to obtain a pollutants tax license. A pollutant is defined as any petroleum product, solvent, pesticide, ammonia, and chlorine. Motor fuel or diesel fuel derived from an agricultural commodity shall not be considered a pollutant and is not subject to pollutants tax as long as the fuel does not contain a petroleum product. Local government users or mass transit system providers who are not already licensed for pollutants tax prior to obtaining a Wholesaler's license will not be required to obtain a license for pollutants tax as long as the sole purpose for obtaining a Wholesaler's license is to produce biodiesel.

If all petroleum-based fuel, purchased by local government users or mass transit system providers, is purchased from in-state fuel suppliers, pollutants tax will be collected by the suppliers, and the local governments or mass transit system providers will have no requirement to obtain a pollutants tax license. If, conversely, a local government or mass transit system purchases motor fuel or diesel fuel from an out-of-state supplier, and that supplier is not licensed to collect Florida pollutants tax, the local government or mass transit system provider is then required to obtain a license as a pollutants tax importer, and to remit the pollutants tax on the imported pollutants directly to the state.

FOR MORE INFORMATION

This document is intended to alert you to the requirements contained in Florida laws and administrative rules. It does not by its own effect create rights or require compliance.

For forms and other information, visit our Internet site at www.myflorida.com/dor. Or call Taxpayer Services, 8:00 a.m., to 7:00 p.m., ET, Monday through Friday, excluding holidays, at 800-352-3671 or 850-488-6800.

Persons with hearing or speech impairments may call our TDD at 800-367-8331 or 850-922-1115.

For a detailed written response to your questions, write the Florida Department of Revenue, Taxpayer Services, 1379 Blountstown Highway, Tallahassee, FL 32304-2716.