



Motor Vehicle Fuels Tax Not Applicable to Gasoline and Gasohol Between April 1, 2022, and June 30, 2022

On March 23, 2022, the Connecticut State Senate passed H.B. No. 5501, *An Act Suspending Certain Gas Taxes and Sales and Use Taxes on Certain Clothing and Allocating Funds for Free Public Bus Services*, and immediately transmitted the legislation to Governor Ned Lamont for his signature. Governor Lamont signed the legislation into law on March 24, 2022. The purpose of this Bulletin is to provide guidance as to the section of the legislation that pertains to the motor vehicle fuels tax. As explained more fully below, section 1 of H.B. No. 5501 suspends the application of the motor vehicle fuels tax to gasoline and gasohol from April 1, 2022, to June 30, 2022.

The Motor Vehicle Fuels Tax

The Connecticut motor vehicle fuels tax is an excise tax imposed on distributors, as that term is defined in Conn. Gen. Stat. § 12-455a(a).¹ Distributors pay motor vehicle fuels tax to the State of Connecticut “for the account of the purchaser or consumer.” Conn. Gen. Stat. § 12-458(a)(2). In addressing the application of the motor vehicle fuels tax, the Connecticut Supreme Court has determined that the burden of the motor vehicle fuels tax falls on the purchaser. Therefore, although the tax is imposed on distributors of fuels, the distributors charge and collect the tax from purchasers.

For purposes of the Connecticut motor vehicle fuels tax, the term “fuels” means and includes (1) fuels as defined in section 14-1 and (2) any other combustible gas or liquid suitable for the generation of power to propel motor vehicles. Conn. Gen. Stat. § 12-455a(b). The definition of “fuels” set forth in Conn. Gen. Stat. § 14-1 includes “all products commonly or commercially known or sold as gasoline . . . any liquid prepared, advertised, offered for sale or sold for use, or commonly and commercially used, as a fuel in internal combustion engines . . . and . . . any liquid commonly referred to as ‘gasohol’. . .” Conn. Gen. Stat. § 14-1(39). Thus, “fuels” subject to the motor vehicle fuels tax include gasoline, diesel, gasohol, propane, or any combustible gas or liquid that generates the power needed to propel a motor vehicle. As explained below, Section 1 of H.B. No. 5501 suspends the application of the motor vehicle fuels tax to gasoline and gasohol from April 1, 2022, to June 30, 2022.

Subsection (a) of section 1 of H.B. No. 5501 suspends the application of the motor vehicle fuels tax to gasoline and gasohol from April 1, 2022, to June 30, 2022

Subsection (a) of section 1 of H.B. No. 5501 provides as follows:

Notwithstanding the provisions of subparagraphs (A) and (B) of subdivision (2) of subsection (a) of section 12-458 of the general statutes, from April 1, 2022, to June 30, 2022, inclusive, the tax imposed under said subparagraphs shall not apply to fuels or gasohol sold or used by a distributor in this state. Nothing in this section shall be construed to affect the tax due pursuant to subparagraphs (C) to (E), inclusive, of subdivision (2) of subsection (a) of section 12-458 of the general statutes on propane, natural gas or diesel sold or used by a distributor in this state. As used in this section, “distributor” and “fuels” have the same meanings as provided in section 12-455a of the general statutes and “gasohol” has the same meaning as provided in section 14-1 of the general statutes.

As set forth above, subsection (a) of section 1 of H.B. No. 5501 specifically states that the motor vehicle fuels tax “shall not apply to fuels or gasohol sold or used by a distributor in this state” from April 1, 2022, to June 30, 2022. Thus, during the period from April 1, 2022, to June 30, 2022, distributors are not subject to and, therefore, not required to remit motor vehicle fuels tax to the Department of Revenue Services (“Department”) in connection with any sale or use of “fuels or gasohol.”

¹ The term “distributor” means and includes (1) any person, wherever resident or located, who or which imports fuels or causes fuels to be imported into this state, for sale or use, (2) any person who or which produces, refines, manufactures or compounds fuels within this state, (3) any person who or which distributes fuels by tank wagon in this state, and (4) any person who or which stores fuels in this state in a tank or other container having a capacity equaling or exceeding an amount established by the Commissioner of Revenue Services.

As previously explained, “fuels” subject to the motor vehicle fuels tax include gasoline, diesel, gasohol, propane, or any combustible gas or liquid that generates the power needed to propel a motor vehicle. The General Assembly, however, specifically stated that the provisions of subsection (a) of section 1 of H.B. No. 5501 do not apply to “propane, natural gas or diesel sold or used by a distributor in this state.”² Thus, through subsection (a) of section 1 of H. B. No. 5501, the General Assembly has effectively suspended the application of the motor vehicle fuels tax to gasoline and gasohol from April 1, 2022, to June 30, 2022.

At the time H.B. No. 5501 was passed and signed into law by Governor Lamont, the motor vehicle fuels tax applied to both gasoline and gasohol at the rate of twenty-five cents per gallon. As a result of Governor Lamont signing H.B. No. 5501 into law, distributors will not be required to remit the twenty-five cents per gallon tax to the Department on any sale or use of gasoline or gasohol during the period from April 1, 2022, to June 30, 2022. Moreover, as distributors are not required to remit tax on gasoline and gasohol during this period, they are not authorized to charge or collect the tax from their customers in connection with any sales of gasoline and gasohol during said period.

Application of the motor vehicle fuels tax prior to the effective date of Section 1 of H.B. No. 5501

It is important that taxpayers are aware of the effective date of section 1 of H.B. No. 5501. To this end, the General Assembly passed section 1 of H.B. No. 5501 with an effective date of April 1, 2022, and Governor Lamont signed this legislation into law on March 24, 2022. Therefore, as the provisions of section 1 of H.B. No. 5501 do not take effect until April 1, 2022, the suspension of the motor vehicle fuels tax does not take effect until April 1, 2022.

Although section 1 of H.B. No. 5501 is now law, any sale or use of gasoline and gasohol by a distributor prior to April 1, 2022, is subject to the motor vehicle fuels tax. Accordingly, any distributor that makes a sale or taxable use of gasoline or gasohol prior to April 1, 2022, will be required to remit the motor vehicle fuels tax in connection therewith. Moreover, distributors are authorized to collect the tax from customers in connection with sales of gasoline and gasohol prior to April 1, 2022.

As H.B. No. 5501 was just signed into law by Governor Lamont, the Department recognizes that taxpayers and practitioners will likely have questions about the scope and application of this legislation. Taxpayers and practitioners are encouraged to send any questions they may have about H. B. No. 5501 to the Department.

The Department is committed to addressing any and all questions it receives regarding H. B. No. 5501 as quickly as possible and will update this Bulletin with additional guidance as it becomes available.

Effective Date: Upon issuance.

Effect on Other Documents: None.

For Further Information: Visit the DRS website at portal.ct.gov/DRS.

Call DRS Monday through Friday, 8:30 a.m. to 4:30 p.m. at:

- **860-297-5962**
 - **800-382-9463**
 - **860-297-4911** (TTY, TDD, and Text Telephone users **only**, let the 711 relay operator know the number you wish to call and the relay operator will dial it and then communicate using a TTY.)
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² So as to be clear, the motor vehicle fuels tax as it applies to propane, natural gas or diesel is not impacted by H. B. No. 5501. As such, distributors of propane, natural gas or diesel must remit the tax in connection any sales or use of such fuels and are authorized to collect such tax from their customers.