

# **B20 or Greater – Derived from Used Cooking Oil**

## **Oregon Use Fuel Seller – Fuel Tax Reporting**

### **Effective January 1, 2014**

During the 2013 Regular Session, the Oregon Legislature passed House Bill 2435. In part, HB 2435 amends Oregon Revised Statute 319.530 by exempting diesel fuel that is blended with a minimum of 20 percent biodiesel that is derived from used cooking oil from the state excise tax. This exemption applies to fuel sold between January 1, 2014, and December 31, 2019, and only applies to fuel:

- Used in motor vehicles with a gross vehicle weight of 26,000 pounds or less,
- That is sold in retail operations only, and
- That is not sold in seller operations involving cardlock, fleet fueling, or bulk sales.

Because of this legislation, ODOT has updated the Use Fuel Seller tax report and accompanying schedules. The updated report will become effective for the January 2014 reporting period, which is due February 20, 2014. The updated forms are available at <http://fuelstax.oregon.gov>. The changes to the report include:

- Use Fuel Sellers must track fuel types (see instructions).
- Sellers of B20 (derived from used cooking oil) or higher biodiesel blends must track tax “forgiven” sales (similar to current rules for “ex-tax” sales).

### **HB 2435 Frequently Asked Questions**

#### **What is Biodiesel?**

Biodiesel is defined as mono-alkyl esters of long chain fatty acids derived from vegetable oils or animal fats which conform to ASTM D6751 specifications for use in diesel engines. Biodiesel refers to the pure fuel before blending with petroleum diesel fuel. Biodiesel blends are denoted as, "BXX" with "XX" representing the percentage of biodiesel contained in the blend (i.e., B20 is 20% biodiesel, 80% petroleum diesel).

#### **Are biodiesel and vegetable oil the same thing?**

No. Biodiesel is made from vegetable oil through a chemical process call transesterification, which converts natural oils and fats in fatty acid methyl esters.

#### **Can the tax be forgiven on blends other than B20 produced from used cooking oil?**

Yes, as long as the blend is made from 100% used cooking oil and made of at least 20% biodiesel. Blends above B20 derived from used cooking oil are also eligible for tax forgiveness.

#### **If I produce my own biodiesel from 100% used cooking oil, can the tax I should pay be forgiven?**

No, tax forgiveness under this law change only applies to gallons purchased at a retail station. If you produce biodiesel for your own consumption, you must be licensed by the Department of Transportation, Fuels Tax Group as a Use Fuel User and report and remit the tax on the number of gallons you use upon the roads and highways of the state.

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**As a retail Seller offering B20 made from 100% used cooking oil, do I have to document each transaction where the tax is forgiven?**

Yes, all retail transactions where the tax is not collected must be documented by law. The same documentation requirements for retail ex-tax transactions apply to the tax forgiveness of at least B20 made from used cooking oil under the new law.

**I have a Farm plated truck registered at over 26,000 pounds. Can I get the tax forgiven if I use B20 made from 100% used cooking oil in this truck when I buy fuel at a retail facility?**

No, unfortunately the law change specifically excludes all vehicles with a registered weight of over 26,000 pounds. An F-plated vehicle over 26,000 pounds, is not subject to the Weight/Mile tax, however, the vehicle is subject to the fuel tax. You would need to be licensed as a Use Fuel User with the Fuels Tax Group and report and remit the tax on the number of gallons used upon the roads and highways of the state.

**As a retail seller who plans to sell B20 made from used cooking oil, how can I be sure the B20 is made from used cooking oil?**

Biodiesel refiners must certify on their bills of lading the feedstock used to produce the fuel is in fact 100% used cooking oil and the location of the refinery. If the bill of lading does not include this certification, the tax cannot be forgiven on this fuel.

**Can my used cooking oil blend stock be less than 100%?**

No. An acceptable blend to produce B20 derived from used cooking oil can only be established if the used cooking oil blend stock is certified used cooking oil, with no dilutions or modifications to the certified product.

**I am a cardlock card issuer. Can I “forgive” the fuel tax on my cardlock customer billing statements if my customers use their cardlock cards at a retail location?**

No, the retailer will document the transaction at the time of sale and forgive the tax, if appropriate. As a non-retail seller you cannot forgive the tax on your customer’s invoice even though the card was used at a retail site.

If you have any questions, please contact:

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