



Oregon

Theodore R. Kulongoski, Governor

Department of Transportation

Central Services/Financial Services

ODOT Fuels Tax Group

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June 30, 2010

RE: Fuels Tax to Revise Administrative Rule Requiring Dealers to Report Use Fuel Handled

Licensed Oregon Motor Vehicle Fuel Dealer:

The Oregon Department of Transportation Fuels Tax Group is responsible for administering the fuels tax laws in Oregon. This responsibility includes conducting audits and investigations of records and information to ensure that fuel transactions are being reported correctly and any resulting tax has been remitted to the state of Oregon. In order to better perform this duty, the Fuels Tax Group is proposing to amend Oregon Administrative Rules in chapter 735, division 170.

Attached you will find a copy of the proposed rule change. The added portions are highlighted in bold. The revised rules will require licensed motor vehicle fuel dealers to report all use fuel handled on schedule 735-1305-D, which is also attached. Use fuel is typically clear diesel but also includes bio-diesel, compressed natural gas and other special fuels. This schedule, or any self-generated report that contains the same information, will need to be filed with the Fuels Tax Group on a monthly basis.

Tax will not be calculated on this schedule. The sole purpose of this schedule is to better enable Fuels Tax Group to track use fuel that is handled and distributed in the state of Oregon. All taxable use fuel transactions will still be reported on the Oregon Use Fuel Seller tax report, with the applicable tax remitted at the same time.

You are not required to do anything as a result of receiving this mailing. The public comment period for this rule will open July 1 and will close July 21. If you have any comments to make about the revised rule (criticisms, recommendations, and/or approval) email them to Kathryn Jones at kathryn.m.jones@odot.state.or.us, or mail them to: Fuels Tax Group, ATTN K. Jones, 550 Capitol Street NE Salem, OR 97301.

Please note that any comments you mail or email to Fuels Tax Group will be given the same consideration as testimony at a public hearing.

Sincerely,

Kathryn M. Jones
Fuels Tax Group Policy Analyst



735-170-0010

Records Required

The Department has the authority to prescribe required records under ORS 319.390 and 319.400. Every Oregon dealer, whether licensed or unlicensed, must maintain and keep the following records for at least three years from the date the fuel tax is due:

- (1) Stock summary showing monthly totals for the gallons of motor vehicle fuel or aircraft fuel handled for each owned and operated distributing location within the State of Oregon with an analysis as to inventories, receipts, sales, use, transfers, and loss or gain.
 - (a) An actual physical gallon inventory measurement of motor vehicle fuel and aircraft fuel stocks for each owned and operated distributing location must be taken at the end of each calendar month and preserved for audit purposes.
 - (b) A record showing all sales and withdrawals of motor vehicle fuel or aircraft fuel from storage. A dealer that withdraws fuel from storage for highway and non-highway use must:
 - (A) Summarize records into monthly totals and separately show the number of gallons used for highway and non-highway purposes;
 - (B) Separately show the total number of miles traveled and fuel used for each vehicle;
 - (C) Separately account for fuel withdrawn from bulk storage and fuel received from other sources;
- (2) Purchase journal showing the number of gallons of motor vehicle fuel or aircraft fuel purchased or received each month supported by purchase invoices or other documents.
- (3) Sales journal showing the number of gallons of motor vehicle fuel or aircraft fuel sold or distributed each month, supported by sales invoices covering each sale or delivery.
- (4) Sales invoice forms must be approved by the Department and must include at least the following information:
 - (a) Date of sale or delivery;
 - (b) Point of origin;
 - (c) Name of dealer making the sale or delivery;
 - (d) All invoices must separately state and describe to the satisfaction of the Department the various products shipped and must be serially numbered except where other sales invoice controls acceptable to the Department are maintained;
 - (e) Name and address of the purchaser and delivery point; however, if delivery point is not contained on the invoice, other sales/delivery documents showing delivery point must be provided upon request by the Department.
 - (f) The gallons of motor vehicle fuel or aircraft fuel sold;
 - (g) The invoice must clearly show the place and state where the delivery was actually made. Physical delivery address must be kept for audit purposes.
- (5) All required records must be summarized into calendar month totals and must be centralized in the accounting office where the periodic tax audit is to be made.
- (6) The Department may determine, at its sole discretion, when the auditor for the state must travel outside the State of Oregon to examine the dealer's records. At any time such travel is determined necessary the dealer must reimburse the state for all travel expenses incurred, including transportation, meals and lodging costs.
- (7) The Department has the authority to investigate, examine and audit licensed or unlicensed dealers, carriers, brokers, service stations, and other persons who are storing, selling, or distributing motor vehicle fuels or other petroleum products in Oregon. Such investigations, examinations and audits will occur during normal business hours;
- (8) Documentation in the following areas must be made readily available to the Department upon request by the Department by the date prescribed by the Department;

(continued on back)

- (a) Accounts;
- (b) Records;
- (c) Stocks;
- (d) Facilities;
- (e) Equipment;
- (f) Shipping;

(9) Dealers who fail to make records available for inspection are subject to assessment based on “best available information,” collection action, and possible license suspension and revocation.

(10) Dealers that handle use fuel under ORS 319.860 have the same record keeping requirements under OAR 735-176-0019.

Stat. Auth.: ORS 184.616, 184.619, 319.010 - 319.430, 319.990
Stats. Implemented: ORS 319.370, 319.380, 319.390, 319.400, 319.860

735-170-0020

Required Tax Report Forms and Report Preparation

(1) Every licensed dealer must prepare a tax report that completely summarizes the number of gallons of motor vehicle fuel or aircraft fuel sold, distributed, or used in the State of Oregon each month with required schedules and detail to fully explain the various entries.

(2) A separate set of forms must be prepared for each taxing jurisdiction administered by the Department on forms provided by the Department.

(3) Every licensed dealer must follow motor vehicle fuel tax reporting instructions and use prepared forms as provided by the Department. Willfull or habitual failure to complete tax reports in the manner prescribed by the Department may result in assessment based on “best available information,” collection action, and possible license suspension and revocation.

(4) Computerized report data may be substituted for prescribed forms if it is a reasonable facsimile of the prescribed forms.

(5) Every person (as defined by ORS 319.010 (13)) producing, manufacturing, importing, distributing, and blending use fuel must report Use Fuel Handled on Schedule 735-1305D not later than the 25th day of each calendar month for use fuel handled during the preceding calendar month.

(a) Schedule 735-1305D and supporting documents may be emailed to the department not later than the 25th day of each calendar month.

(b) Use fuel tax will not be assessed on use fuel handled and reported on Schedule 735-1305D, nor is a person who produces, manufactures, imports, distributes and blends use fuel required to be registered with the department as a use fuel licensee, unless such person meets the definition of a user or seller as defined by OAR 735-176-0000 (11), 735-176-0010 and ORS 319.520 (13).

Stat. Auth.: ORS 184.616, 184.619, 319.010 - 319.430, 319.990
Stats. Implemented: ORS 319.010 - 319.430, 319.990

OREGON Diesel - Multiple Schedule of DISBURSEMENTS

Licensee Name _____ License # _____ Month of _____ 20____

Schedule Number - (Circle ONE schedule number)

Product Code:

5.1 DISTRIBUTION - Deliveries to your own service stations, card/keylocks in Oregon

E - Diesel
(161, 167, B00, B01-B99)

5.3 DISTRIBUTION - Deliveries to all other Oregon locations

INFORMATIONAL SCHEDULE ONLY - DO NOT INCLUDE SUMMARY ON LINES 8, 9, OR 10 ON FORM 735-1303 (STOCK SUMMARY)

DETAIL SECTION

Check here if amending a prior schedule

(1) Name of Carrier	(2) City of Origin	(3) City of Destination	(4) Sold To	(5) Purchaser License Number	(6) Date (See Instructions)	(7) Document Number (BOL or Invoice)	(8) Gallons	(9) Product Type
TOTAL								