

Ethanol and Biodiesel Producers

500*Petroleum Fact Sheet 500*

Fact Sheet

Licensing Requirements

The official definition of petroleum products includes ethanol and biodiesel. This means ethanol and biodiesel are subject to the inspection fee, the underground tank cleanup fee and the motor fuel excise tax.

In addition, all ethanol and biodiesel producers must hold a valid Minnesota distributor license and are required to file monthly distributor returns based on current filing requirements.

Reporting Requirements

Plants that produce ethanol or biodiesel are considered producers and are required to file a monthly producers report based on the current tax filing requirements.

The report is an electronic record of sales activity for the month and must list purchaser names, dates, manifest/invoice numbers and gallons for all sales made during the month. Transfers between the production plant and terminals are considered sales and must be included on the producer's report.

Producers are also required to maintain and keep on file month-end product inventory, production and distribution (on Form PDA-45E, *Ethanol Production Report*). Reports and returns (even zero liability returns) are due by the 23rd day of the following month.

Inspection Fee

Ethanol and biodiesel are subject to the inspection fee. The fee is not imposed by the producer unless the product is sold to and received by an unlicensed account at the production plant. If the product is sold to a licensed account, the licensed account is responsible for the inspection fee. If the ethanol or biodiesel is transferred to a terminal, the inspection fee is imposed on the licensed distributor at the time the ethanol or biodiesel is dispensed at the rack; or the supplier, if sold to an unlicensed account.

Cleanup Fee

Ethanol and biodiesel are subject to the cleanup fee when the fee is in effect.

The Pollution Control Agency determines when it will be collected based on the need to replenish the cleanup fund. This fee is not imposed on the producer unless the product is sold to and received by an unlicensed account at the production plant. If the ethanol or biodiesel is sold to a licensed account, the licensed account is responsible for the cleanup fee. If the ethanol or biodiesel is transferred to a terminal, the cleanup fee is imposed on the licensed distributor at the time the ethanol or biodiesel is dispensed at the rack; or the supplier, if sold to an unlicensed account.

Motor Fuel Excise Tax

Ethanol and biodiesel are subject to the Minnesota motor fuel excise tax. The tax is not imposed on the producer unless the product is sold to and received by an unlicensed account at the production plant. If the product is sold to a licensed account, that licensed account is responsible for the excise tax. If the ethanol or biodiesel is transferred to a terminal, the excise tax is imposed on the licensed distributor at the time the ethanol or biodiesel is dispensed at the rack; or the supplier, if sold to an unlicensed account.

Refund on Excise Tax on Denaturant

Producers may file for a refund of any tax-paid gasoline used to denature the ethanol by using Form PDR-1, *Minnesota Motor Fuel Claim for Refund*.