

Department of Revenue

Revenue Notice # 08-06: Petroleum Tax – Administrative Issue – Distributor Storage

Background

On February 25, 2008 the legislature enacted a transportation finance bill. (2008 *Minnesota Laws*, Chapter 152). An issue has arisen in relation to this legislation and this revenue notice sets forth the department's position on this issue.

Distributor Storage

The effective dates for the gasoline and special fuel tax increases refer to product in "distributor storage" as of a specific date. The term "distributor storage" is not defined in the legislation nor is it defined in the petroleum tax statutes set forth in *Minnesota Statutes*, chapter 296A. The department takes the position that "distributor storage" includes product held by a distributor in bulk storage, in tank wagons or in the compartments of delivery trucks. The department will not treat product as in "distributor storage" if the product is in a retail outlet's storage tank from which fuel can only be delivered into the supply tank of a retail customer's vehicle, even if a distributor owns the retail outlet. If a distributor delivers fuel into both the supply tank of a retail customer's vehicle and also into tank wagons or delivery trucks from a single common tank, then the distributor should use a reasonable ratio of wholesale to retail sales to determine the volume subject to the tax on product in distributor storage.

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