

Auxiliary Power Units

Petroleum Fact Sheet 325

This fact sheet explains taxation of motor fuels used in Auxiliary Power Units (APUs) and when refunds are allowed for taxes paid.

What is an Auxiliary Power Unit?

An APU is a small diesel engine that typically offers a combination of air conditioning, heating, cab power, engine warming, truck battery charging, and optional shore power connectivity. These units are typically used in semi-trailer trucks, and are often engaged when the truck is off highway and the propulsion engine is not operating. APUs are often used because compared to the main engine, they offer a more fuel-efficient way of powering the semi-trailer truck cabin functionalities (e.g., heat and radio) when the truck is off highway and the driver is sleeping or otherwise using the cabin. Most APUs do not have dedicated fuel tanks and instead draw fuel from the vehicle's propulsion tank.

Are refunds allowed for gallons used to operate an Auxiliary Power Unit?

Current statutes allow for a refund on tax paid gallons of fuel used in the APU unit **IF** the fuel meets both of the following requirements:

- Stored in a supply tank separate from the propulsion tank of the licensed motor vehicle. (See Minnesota Statute 296A.16, subd. 2(2)(iii).)
- **NOT** placed in the propulsion tank of the licensed motor vehicle. (See M.S. 296A.16, subd. 2(2)(iii).)

To claim a refund, complete and file Form PDR-1, *Minnesota Motor Fuel Claim for Refund*, within one year from the date of purchase.

Please note: Current statutes **DO NOT** allow for a refund using the PTO refund calculation if the APU uses fuel from the propulsion tank of the licensed motor vehicle. (See M.S. 296A.16 subd. 2(2)(ii).)

Can Dyed Fuel be used in an Auxiliary Power Unit?

Dyed fuel can be used in an APU if the APU has its own dedicated fuel tank. Dyed fuel gallons are exempt from state and federal excise tax and would not require a claim for refund.

Please Note: Dyed fuel is not allowed in the propulsion tank of a licensed motor vehicle. Use of dyed fuel in a licensed motor vehicle is subject to the Minnesota dyed fuel penalty.

Sales and Use Tax

Dyed diesel fuel used to operate an APU may be subject to Minnesota sales and use tax.

If you receive a refund of petroleum taxes paid, you may be required to pay Minnesota use tax on those purchases. Fuel on which motor fuel tax was refunded is subject to Minnesota sales and use tax, unless specifically exempted by law.

For more information, see Sales Tax Fact Sheet 116, *Petroleum Products*, send an email to SalesUse.Tax@state.mn.us or call 651-296-6181 or 1-800-657-3777.