

Fuel Tax Exemptions

Highway State Special Revenue Account Study

Prepared for the Revenue and Transportation Interim Committee

By Megan Moore

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| State ¹ | Diesel | Agriculture | Government | Tribe | School | Charity | Other |
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| Alabama | Dyed | | Motor fuel - U.S., county, city, boards of education | | Motor fuel | | |
| Alaska | Heating oil | | Diesel - state and local; Fuel - U.S. | | | Fuel | |
| Arizona | | Motor fuel | Diesel reduced rate .18 cents/gallon - state and local; Fuel - U.S. | Fuel used on highways for benefit of tribe for government purposes; Fuel sold within reservation to enrolled member living on reservation and not used outside of reservation highways | Motor fuel reduced rate .18 cents per gallon - buses and state-owned vehicles used in pupil transportation program | | |
| Arkansas | Heating oil, dyed diesel (6% per gallon) permitted for operation of equipment attached to a motor vehicle | | State and local may use dyed diesel (6% per gallon) | | | | |

¹ Compiled from "Fuel Sales and Taxes: Exemptions," *Federal Highway Administration*, available from https://www.fhwa.dot.gov/motorfuel/sales_taxes_exemptions.htm#minnesota, accessed March 7, 2016.

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| California | Exempt bus operators, dyed diesel | Diesel | Diesel - U.S. | | | | |
| Colorado | | | Fuel - U.S., state and local governments with exemption certificates | | | | |
| Connecticut | Portable power generation systems larger than 150 kw | Motor fuel | Motor fuel - U.S., state, and municipality | | | | |
| Delaware | Dyed | | Motor fuel and special fuel - U.S., state, local, and volunteer fire company vehicles, ambulances | | | | Gasoline used in off highway applications (construction, landscaping) and taxicabs taxable but may be eligible for refund |
| District of Columbia* | Heating oil, non-highway purposes | Gasoline | Diesel - local | | Motor fuel used in school buses and for pupil transportation program | | |
| Florida | | Aviation jet fuel, undyed kerosene | Motor fuel and diesel sold in 500 gallon or more quantities for use by U.S. | | | | |
| Georgia | Dyed diesel for other than highway use | | Motor fuel - U.S. | | 7/2013 - 6/2015: motor fuel used in school buses | | |
| Hawaii* | | | Fuel - U.S. | | | | |
| Idaho | Heating oil; non-highway purposes or operation of equipment attached to a motor vehicle eligible for a refund | Gasoline eligible for a refund | Dyed diesel - state and local | | Motor fuel used in school buses or pupil transportation program eligible for a refund | | |

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| Illinois | Dyed diesel used as heating oil or for non-highway purposes | Dyed diesel | | | | | May be eligible for a refund: gasoline or clear diesel used for non-highway purposes |
| Indiana* | Heating oil, operation of equipment attached to a motor vehicle, non-highway purposes | Gasoline | | | | | |
| Iowa (refund with \$60 minimum) | Heating oil, operation of equipment attached to a motor vehicle, non-highway purposes | Motor fuel | Diesel - state and local; motor fuel - U.S. | | Motor fuel used in state-owned school buses or for pupil transportation program | | Motor fuel used by an urban or regional transit system |
| Kansas | Dyed diesel | | Motor fuel - U.S. | | Motor fuel used in state-owned school buses and for pupil transportation program | | Motor fuel used for non-highway purposes may qualify for a refund |
| Kentucky | Heating oil, non-highway purposes | Motor fuel | Diesel - state and local non-highway purposes | | | | |
| Louisiana | Dyed diesel used off road | | | | | | |
| Maine | Heating oil, operation of equipment attached to a motor vehicle, non-highway | Gasoline | Diesel - state and local | | Motor fuel used in state-owned school buses or for pupil transportation program | | |

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| Maryland | Dyed diesel used for non-highway purposes | Motor fuel: special fuel exemption certificate and license required, gasoline use is refundable | | | | | Fuel used for the operation of equipment attached to a motor vehicle |
| Massachusetts* | Non-highway purposes | Gasoline eligible for a refund | Fuel - U.S. | | | | Fuel used by Regional Transit Authorities, Water Resources Authority, Port Authority, Massachusetts Bay Transit Authority, Massachusetts Turnpike |
| Michigan | Non-highway purposes (excluding snowmobile, off-road vehicle, vessel) | Gasoline and diesel | Gasoline - U.S., state and local; Diesel - state and local | | Gasoline and diesel used in state-owned school buses and for pupil transportation program | | Gasoline used for non-highway purposes (excluding snowmobile, off-road vehicle, vessel) |
| Minnesota | Heating oil, operation of equipment attached to a motor vehicle, non-highway purposes | Gasoline | Diesel - local emergency vehicles | | | | Motor fuels used in qualifying mass transit systems, providers of transportation to recipients of medical assistance home and community-based services enrolled in day programs, qualifying |

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| | | | | | | | ambulance services, medical or dental health services by a federally qualified health center |
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| Mississippi* | | | | | | | |
| Missouri | Heating oil | Motor fuel | Motor fuel - U.S. | Motor fuel used solely and exclusively as fuel to propel motor vehicles on the public highways when leased or owned and when being operated by a federally recognized Indian tribe | | | Motor fuel used for operation of equipment attached to a motor vehicle, other non-highway purposes, to operate public mass transit service by a city, a city utilities board, or interstate transportation authority |
| Montana | Heating oil, operation of equipment attached to a motor vehicle, non-highway purposes | Motor fuel | Diesel - state and local government | | Motor fuel used in state-owned school buses or for pupil transportation program | | |
| Nebraska | Heating oil, other non-highway purposes | Motor fuel | Federal agencies | | | | |
| Nevada | Heating oil, operation of equipment attached to a motor vehicle, non-highway purposes | Motor fuel | Diesel - state and local government | | | | Motor fuel sales to active duty military, public transportation in an urban area, other non-highway purposes |

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| New Hampshire | Heating oil, operation of equipment attached to a motor vehicle, non-highway purposes | Motor fuel | Diesel - state and local government | | Motor fuel used state-owned, municipal, or school district owned school buses and for pupil transportation program | | Gasoline used for other non-highway purposes |
| New Jersey | | Motor fuel | Motor fuel purchased by a government entity | | | | Motor fuel used for heating or lighting, ambulances and volunteer rescue squads, non-highway purposes, fire engines, public buses |
| New Mexico | | | Gasoline and special fuel - U.S.; special fuel - state and local government | Gasoline and special fuel used by Indian government, gasoline sold by a registered Indian tribal distributor | Special fuel used by a bus company to transport students | | Special fuel used for heating, for the operation of equipment attached to a motor vehicle |
| New York | Heating oil, manufacturing, non-highway diesel sold to exempt organizations | Non-highway diesel | Fuel - U.S., state, municipalities, exempt diplomats and missions | | | | |
| North Carolina | | | Motor fuel - U.S., state, county, municipal corporation | | Motor fuel: sold to a local board of education for use in the public school system, sold to a charter school, sold to a community college | | |

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| North Dakota | | Motor fuel (16 cents refund of 23 cents paid) | Motor fuel - U.S., local | Motor fuel used by tribal agencies | | | Motor fuel refund for industrial use (22 cents refund of 23 cents paid), motor fuel used for emergency medical services |
| Ohio | Dyed diesel used for off-road purposes (equipment, farm, other non-highway) | Dyed diesel | Motor fuel - U.S. | | | | |
| Oklahoma | Heating oil, operation of equipment attached to a motor vehicle, non-highway purposes | Motor fuel (except 2.08 cents per gallon of gasoline) | Motor fuel - U.S., county, city, town | Motor fuel used in vehicle owned or leased by federally recognized tribe, motor fuel sold within an Indian reservation by a federally recognized tribe to a member of that tribe | Motor fuel used in district-owned school buses and vehicles used in pupil transportation program | | Motor fuel used in vehicle owned or leased by volunteer fire department, rural electric cooperative, rural water and sewer district, rural irrigation district, conservancy district, or rural ambulance district |
| Oregon | Heating oil, non-highway purposes | | Diesel - state and local government | | Diesel used by a school district or its contractors for vehicles to transport students | | |
| Pennsylvania | | | U.S., state, and local government | | Nonpublic school not operated for profit | | Volunteer fire company, ambulance service, or rescue squad, second class county port authority |

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| Rhode Island* | | | Diesel - state and local government | | Motor fuel used in state-owned school buses or for pupil transportation program | | |
| South Carolina | Heating oil, non-highway purposes | Motor fuel | Motor fuel - U.S. | | Motor fuel used in state-owned school buses or for pupil transportation program | | |
| South Dakota | Dyed diesel used for heating oil | Gasoline | Motor fuel - U.S. | Motor fuel sold to licensed Indian schools | | | |
| Tennessee | Heating oil, operation of equipment attached to a motor vehicle, non-highway purposes | Gasoline | Diesel - U.S., state, local | | Motor fuel used in state-owned school buses or for pupil transportation program | | Gasoline used in operation of equipment attached to a motor vehicles |
| Texas | Dyed diesel used for off-highway equipment or stationary equipment | | Motor fuel - U.S., county | | Motor fuel sold to a Texas school district for its exclusive use or used to provide public school transportation | | Motor fuel sold to a volunteer fire company, nonprofit telephone or electric cooperative |
| Utah | Dyed diesel (not used on public roads) | Motor fuel | U.S., state, local, foreign diplomats | Fuel sold on reservation to Ute tribal members, Navajo members' tax is reduced by the amount of the Navajo fuel tax | Government-owned school buses | | Special fuel used in equipment |

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| Vermont | Heating oil, non-highway purposes | Vehicles not used on the highway | State, municipal | | School districts | | Fire districts, nonprofit public transit |
| Virginia | Dyed diesel, heating oil | | Motor fuel | | | | Motor fuel sold to a 501(c)(3) for air-ambulance services to low-income medical patients |
| Washington | Dyed diesel, heating oil, equipment attached to a motor vehicle, other non-highway purposes | Motor fuel | | | | | |
| West Virginia | | | | | | | Dyed fuel exempt |
| Wisconsin | Heating oil, dyed diesel used off highway | | Gasoline and diesel: U.S. | Motor fuel sold on a reservation to an enrolled member of the tribe | | | Motor fuel used in off-road mobile machinery and equipment, sold to common carrier for urban mass transportation |
| Wyoming | Non-highway use of undyed diesel | | | | | | |

*2013 updates not received. Information not considered current.