

SENATE BILL 1839

By Norris

AN ACT to amend Tennessee Code Annotated, Title 67,  
Chapter 3, relative to fuel taxation.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 67-3-201, is amended by deleting the section in its entirety and by substituting instead the following:

**67-3-201.**

(a) Subject to exemptions provided in part 4 of this chapter, a use tax of twenty cents (20¢) per gallon is imposed upon all gasoline, fuel alcohol, and substitutes therefor; it being the purpose and intent of this section that the taxes being levied on taxable motor fuels under this chapter are in fact a levy and assessment on the consumer, and the levy and assessment on other persons as specified in this chapter are as agents of the state for the collection of such tax.

(b) The tax imposed by this section shall be collected and paid at those times, in the manner, and by those persons specified in this chapter.

SECTION 2. Tennessee Code Annotated, Section 67-3-301, is amended by deleting the section in its entirety and by substituting instead the following:

**67-3-301.**

(a) The tax imposed by § 67-3-201 shall be measured by taxable gallons removed, other than through a bulk transfer, by a licensed supplier:

(1) From the bulk transfer/terminal system or from a qualified terminal or refinery within this state;

(2) From the bulk transfer/terminal system or from a qualified terminal or refinery outside this state for delivery to a location in this state

as represented on the shipping papers; provided, that the supplier imports such taxable motor fuel for the supplier's own account, or such supplier has made a tax pre-collection election under § 67-3-503;

(3) Upon sale in a qualified terminal or refinery in this state to an unlicensed supplier; or

(4) In other cases in the same manner as the tax imposed by section 4081 of the Internal Revenue Code of 1986 or the Code of Federal Regulations.

(b) With respect to the operator of a terminal in this state, the tax imposed by § 67-3-201 shall be measured and levied annually on taxable motor fuel by the amount by which net gallons lost or unaccounted for, including transmix, within the terminal exceed the sum of net gallon gains, plus one-half of one percent (0.5%) times the number of all net gallons removed from such terminal across the rack or in bulk.

SECTION 3. Tennessee Code Annotated, Section 67-3-303(c), is amended by deleting the language "other than gasoline".

SECTION 4. Tennessee Code Annotated, Section 67-3-303(b), is amended by deleting the subsection in its entirety.

SECTION 5. Tennessee Code Annotated, Section 67-3-405, is amended by deleting the section in its entirety and by substituting instead the following:

**67-3-405.** There shall be exempt from the taxes and fees imposed in part 2 of this chapter, with the exception of the export tax imposed by § 67-3-205, taxable petroleum products:

(1) Exported by a supplier;

(2) Removed by transport truck or rail car from a terminal for export, if the motor fuel is removed by a person licensed in this state and the supplier of the motor fuel collects tax on it at the rate of the motor fuel's destination state; or

(3) Removed by transport truck or rail car from a terminal for export if the motor fuel is removed by a person who is licensed in this state, the supplier that is the position holder for the motor fuel sells the motor fuel to a supplier/distributor as the motor fuel crosses the terminal rack, the purchasing supplier/distributor or its customer removes the motor fuel at the terminal rack for export, and the supplier that is the position holder collects tax on the motor fuel at the rate of the motor fuel's destination state;

provided, that the supplier shall maintain for inspection by the department satisfactory proof of export in the form of a terminal-issued, destination state shipping paper.

SECTION 6. Tennessee Code Annotated, Section 67-3-410, is amended by deleting the section in its entirety.

SECTION 7. Tennessee Code Annotated, Section 67-3-503, is amended by deleting the language “, as if such removals of gasoline were imported and came to rest in Tennessee, and removals of petroleum products other than gasoline were removed across the terminal rack in this state,” and by substituting instead the language “, as if such removals of petroleum products were removed across the terminal rack in this state,”.

SECTION 8. Tennessee Code Annotated, Section 67-3-504(a), is amended by deleting the language “by §§ 67-3-202” and by substituting instead the language “by §§ 67-3-201”.

SECTION 9. Tennessee Code Annotated, Section 67-3-504(b), is amended by deleting the subsection in its entirety.

SECTION 10. This act shall take effect July 1, 2014, the public welfare requiring it.