

The background of the entire page features a stylized, light gray illustration of a truck with a large cylindrical tank trailer. The truck is positioned horizontally across the middle of the page. The wheels are represented by simple circles, and the tank has a slightly tapered shape. The overall style is clean and modern, with a focus on geometric shapes and muted colors.

# **2002 Annual Report**

## **Petroleum Taxes in Minnesota**

MINNESOTA • REVENUE

# MINNESOTA • REVENUE

## 2002 Report on Petroleum Taxes

### *Introduction*

The mission of the Petroleum Division is to achieve compliance with the laws pertaining to the taxes and fees we administer. Most revenues collected are dedicated to specific purposes:

The motor vehicle gasoline and special fuel taxes, approximately \$628 million collected during 2002, are dedicated to the **Highway User Tax Distribution Fund**.

Taxes totaling approximately \$3.5 million collected during the past year on aviation gasoline and jet fuel were transferred to the **Aviation Fuel Tax Fund**.

The Cleanup Fee, which amounted to approximately \$31.9 million during the year, is used to **clean up spills from leaking storage tanks**. This fee is imposed for periods of four consecutive months and is imposed when the fund level goes below \$4 million. The Cleanup Fee was collected for six months during 2002.

Inspection fees amounting to \$3.7 million are used partially for activities performed by the **Department of Public Service, Weights and Measures Division**, and to provide funding to **improve the efficiency of heating units in low income housing**. The remainder goes into the **General Fund**.

Propane Fees amounting to \$466,507 are also used to provide funding to **improve the efficiency of heating units in low income housing**.

Approximately \$19,000 in license fees are placed in the **General Fund**.

The rates of these taxes and fees remained unchanged from 1997.

### The Petroleum Tax Division

The Petroleum Tax Division collects state taxes on gasoline, special fuel, aviation special fuel and aviation gasoline, and collects inspection and cleanup fees on petroleum products received in Minnesota. It licenses distributors, special fuel dealers and bulk purchasers, and issues certain gasoline and special fuel tax refunds.

**The Petroleum Tax Division is comprised of the following units which perform a wide range of activities:**

*The License Unit* issues new distributor and special fuel licenses.

*The Document Processing Unit* receives, records and pre-audits returns from distributors, special fuel dealers and bulk purchasers;

and prepares and maintains records of receipts and disbursements, including additional tax and overpayment notices and related correspondence.

*The Computer Support Unit* provides assistance in developing and maintaining all computer systems.

*The Office Audit Unit* audits terminal reports and distributor and special fuel tax returns, initiates assessments and credits, maintains files on licensed accounts, processes aviation and miscellaneous refund claims, and answers questions on adjustments and reporting procedures.

*The Field Audit Unit* performs field audits of licensed distributors, special fuel dealers, bulk purchasers and interstate

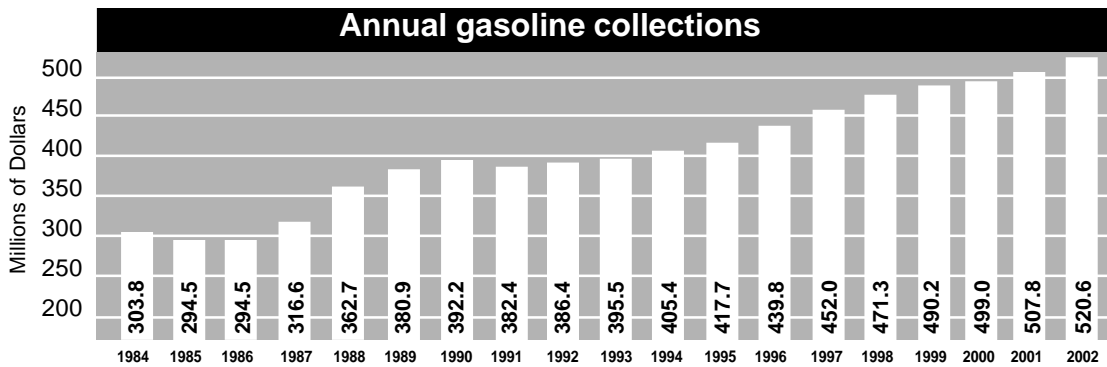
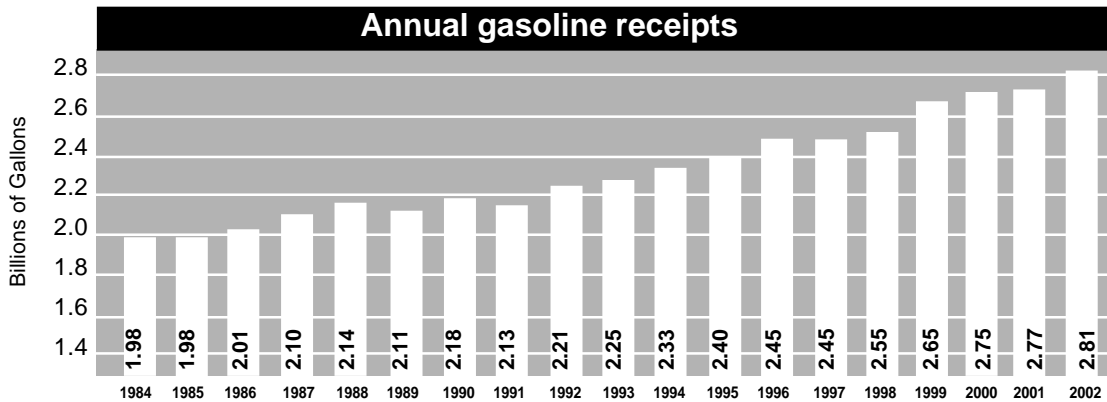
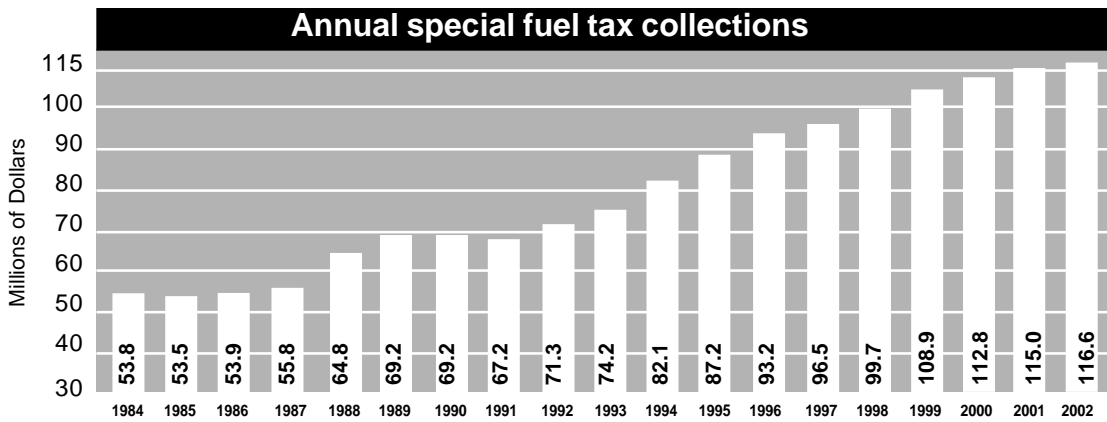
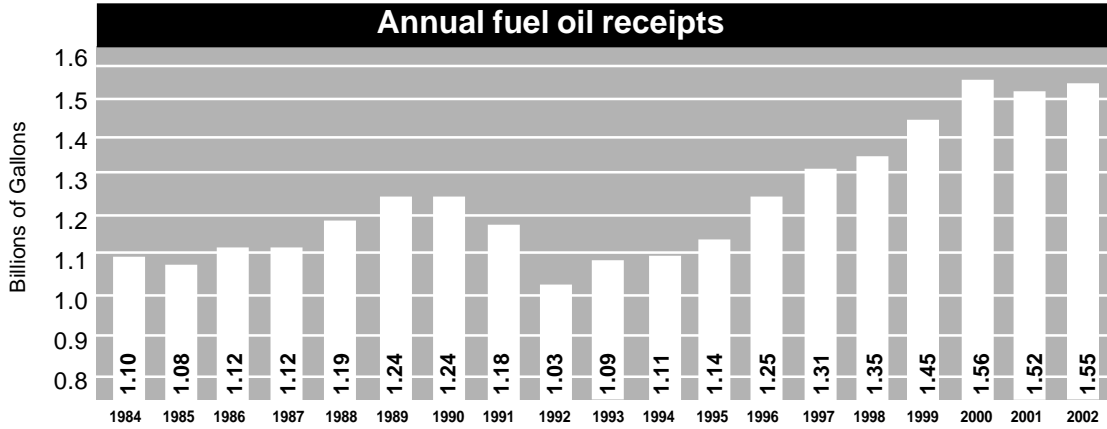
trucking companies, and reviews refund claims. It assists clientele in setting up record keeping systems, and detects and assesses taxes due from unlicensed accounts consuming or selling petroleum products on which the tax has not been paid or accrued.

The Field Audit Unit also administers the dyed fuel program, which includes checking licensed vehicles throughout the state.

#### License Summary

Distributors of petroleum products	540
Special fuel dealers and bulk purchasers	187
<b>Total</b>	<b>727</b>

## Receipts and Collections, 1984–2002



## Product Receipts, Collections, Refunds and Distribution

### Product Receipts (gallons reported on returns filed 1/02 –12/02)

Fuel Oil Gallons	1,558,423,165		
Less Out-of-state shipments	52,901,883		
<b>Gallons Feeable</b>	<b>1,505,521,282</b>		
	<b>Gasoline (gal.)</b>	<b>Spec. Fuel (gal.)</b>	<b>Total gallons</b>
Total Gallons Received	2,819,242,414	1,103,949,957	3,923,192,371
Less Adjustments			
Licensed Distributors			0
Out-of state sales	104,490,669		104,490,669
U. S. Government sales	775,920		775,920
Shrinkage	67,866,381	10,883,759	78,750,140
Tax Exempt Farm Sales	33,971,147		33,971,147
Miscellaneous		<u>15,514,490</u>	<u>15,514,490</u>
<b>Total Adjustments</b>	<b>207,104,117</b>	<b>26,398,249</b>	<b>233,502,366</b>
<b>Gallons Taxable</b>	<b>2,612,138,297</b>	<b>1,077,551,708</b>	<b>3,689,690,005</b>
Recap– Highway	2,605,187,164	652,429,791	3,257,616,955
Aviation	<u>6,951,133</u>	<u>425,121,917</u>	<u>432,073,050</u>
<b>Gallons Taxable</b>	<b>2,612,138,297</b>	<b>1,077,551,708</b>	<b>3,689,690,005</b>

Tax Collections	Gasoline	Spec. Fuel	Total
Highway	\$520,266,770.16	\$116,626,862.01	\$636,893,632.17
Aviation	<u>\$352,095.10</u>	<u>\$4,562,813.89</u>	<u>\$4,914,908.99</u>
<b>Total Taxes</b>	<b>\$520,618,865.26</b>	<b>\$121,189,675.90</b>	<b>\$641,808,541.16</b>

Other Collections			
Inspection Fees			\$3,703,906.99
License Fees			\$18,600.00
Cleanup Fund			\$31,957,511.11
Propane Fee			\$466,507.01
Motor Carrier Permit Fees			<u>\$18,830.00</u>
<b>Total Collections</b>			<b>\$677,973,896.27</b>

Refunds and Fund Distribution	Highway	Aviation	General
Total Collections	\$636,893,632.17	\$4,914,908.99	\$36,165,355.11
Less Refunds	<u>8,143,828.84</u>	<u>1,343,588.84</u>	<u>207,942.27</u>
<b>Net Fund Distribution</b>	<b>\$628,749,803.33</b>	<b>\$3,571,320.15</b>	<b>\$35,957,412.84</b>

## Gasoline and Special Fuel Taxes Collected and Refunded 1960-2002

Year	Tax Per Gallon	Tax Collected	Tax Refunded
2002	20¢	636,893,632.17	8,143,828.84
2001	20¢	622,644,704.19	9,597,964.83
2000	20¢	611,876,738.51	6,923,680.32
1999	20¢	599,240,565.97	9,228,164.18
1998	20¢	571,085,568.54	9,936,991.92
1997	20¢	548,569,708.72	9,197,513.93
1996	20¢	533,065,410.23	7,609,564.73
1995	20¢	504,936,233.21	5,133,058.03
1994	20¢	487,612,547.14	3,658,634.90
1993	20¢	469,745,880.73	3,469,202.77
1992	20¢	457,784,138.11	3,550,008.81
1991	20¢	449,872,107.06	2,658,657.17
1990	20¢	461,530,339.09	2,916,219.75
1989	20¢	449,755,119.40	3,209,955.82
1988	4 mo. 17¢; 8 mo. 20¢	427,578,443.31	2,895,210.47
1987	17¢	372,474,267.49	3,349,516.99
1986	17¢	348,401,660.26	3,900,598.96
1985	17¢	347,552,965.57	3,351,927.21
1984	17¢	357,551,583.00	3,085,954.78
1983	4 mo. 13¢; 8 mo. 16¢	309,928,019.49	2,468,316.19
1982	13¢	276,497,527.84	1,633,727.27
1981	5 mo. 11¢; 7 mo. 13¢	258,183,696.99	749,861.39
1980	4 mo. 9¢; 8 mo. 11¢	226,662,375.68	7,466,283.48
1979	9¢	220,564,628.60	10,041,154.47
1978	9¢	219,725,768.70	11,579,868.54
1977	9¢	211,389,396.68	10,693,832.22
1976	9¢	203,086,665.00	12,694,206.60
1975	5 mo. 7¢; 7 mo. 9¢	174,903,815.95	9,703,477.36
1974	7¢	150,092,905.69	9,652,371.05
1973	7¢	157,270,518.72	9,289,870.24
1972	7¢	150,036,967.21	11,025,263.83
1971	7¢	143,622,708.30	10,102,569.89
1970	7¢	135,753,791.48	11,092,064.20
1969	7¢	128,964,143.60	11,433,060.45
1968	7¢	122,830,002.95	11,261,344.75
1967	6 mo. 6¢; 6 mo. 7¢	106,441,201.77	9,479,885.92
1966	6¢	95,779,204.74	10,160,579.82
1965	6¢	91,097,142.82	10,089,306.90
1964	6¢	87,366,913.16	11,134,261.64
1963	6 mo. 5¢; 6 mo. 6¢	78,057,787.04	8,445,620.95
1962	5¢	68,767,487.79	8,958,795.15
1961	5¢	67,307,877.90	8,844,902.65
1960	5¢	66,582,272.22	8,514,318.20

## Receipts of Petroleum Products in Minnesota 1960-2002

Year	Gasoline (Gallons)	Fuel Oil (Gallons)	Farm Tractor Fuel (Gallons)	Inspection Fees Collected
2002	2,819,242,414	1,558,423,165		3,703,906.99
2001	2,779,743,755	1,524,021,328		3,653,874.07
2000	2,753,983,340	1,567,264,984		3,182,045.88
1999	2,653,431,675	1,454,866,686		3,048,642.57
1998	2,557,489,489	1,353,111,100		2,974,727.16
1997	2,459,822,908	1,313,179,832		2,861,344.55
1996	2,452,986,349	1,254,850,661		2,817,385.56
1995	2,401,538,013	1,144,673,207		2,670,594.33
1994	2,332,815,782	1,116,313,044		2,658,021.44
1993	2,257,723,730	1,099,240,640		2,543,119.72
1992	2,217,760,945	1,033,555,645		2,290,845.96
1991	2,139,407,946	1,182,456,873		1,300,021.75
1990	2,183,162,214	1,240,067,875		851,931.17
1989	2,116,651,473	1,245,594,737		822,047.17
1988	2,142,794,314	1,196,690,386		820,745.25
1987	2,104,257,742	1,121,125,451		786,175.81
1986	2,019,307,406	1,117,498,232		764,865.41
1985	1,981,868,062	1,082,824,856		752,417.69
1984	1,981,153,809	1,101,155,868		760,040.03
1983	1,922,753,528	1,007,016,359		717,989.29
1982	1,938,496,840	1,025,940,178		737,347.68
1981	1,997,495,466	1,039,435,922		740,171.01
1980	2,072,274,173	1,118,561,763		790,933.94
1979	2,291,397,022	1,487,901,858		938,176.66
1978	2,314,699,947	1,329,487,197		902,224.58
1977	2,258,704,125	1,334,839,733		888,404.36
1976	2,174,449,483	1,280,652,332		853,965.96
1975	2,107,289,782	1,215,441,460		820,023.69
1974	2,073,372,736	1,251,120,307		821,476.98
1973	2,186,422,034	1,398,254,270		886,263.55
1972	2,122,278,635	1,372,508,506		863,632.98
1971	2,031,205,691	1,282,944,934		818,339.47
1970	1,916,429,479	1,224,356,543		778,646.77
1969	1,833,541,706	1,213,372,481		756,138.91
1968	1,735,303,546	1,065,707,728		693,780.95
1967	1,644,395,826	1,050,339,144		670,610.74
1966	1,603,086,560	1,013,356,551		648,029.58
1965	1,533,427,215	998,421,530	967,459	627,862.75
1964	1,478,526,109	880,619,560	3,177,819	584,422.69
1963	1,456,147,826	841,157,921	3,701,968	570,485.78
1962	1,411,235,308	864,112,646	3,711,992	564,506.13
1961	1,389,898,045	813,913,411	4,134,537	546,219.75
1960	1,389,489,778	806,580,564	5,442,502	544,691.81

**Aviation gasoline and aviation special fuel tax  
collected and refunded since 1960**

<b>Year</b>	<b>Tax Per Gallon</b>	<b>Tax Collected</b>	<b>Tax Refunded</b>
2002	5¢	4,914,908.99	1,343,588.84
2001	5¢	4,505,855.67	1,042,068.03
2000	5¢	5,264,642.49	867,171.56
1999	5¢	21,378,101.97	16,796,688.94
1998	5¢	21,105,043.20	17,827,658.05
1997	5¢	21,380,885.40	18,039,354.95
1996	5¢	20,488,959.65	17,636,413.57
1995	5¢	19,264,787.50	15,982,883.68
1994	5¢	18,368,912.65	15,471,922.64
1993	5¢	18,830,686.00	15,973,236.41
1992	5¢	17,859,155.92	15,307,204.41
1991	5¢	16,878,564.40	14,537,243.47
1990	5¢	17,502,876.75	14,923,460.57
1989	5¢	16,913,012.80	14,481,144.77
1988	5¢	15,281,889.34	12,825,291.72
1987	5¢	15,563,852.35	12,905,447.26
1986	5¢	15,109,516.85	12,151,246.15
1985	5¢	15,106,873.73	12,815,586.09
1984	5¢	13,549,841.63	11,576,027.11
1983	4 mo. 13¢ ; 8 mo. 16¢	26,696,340.12	24,969,473.63
1982	13¢	28,226,016.25	26,467,949.96
1981	5 mo. 11¢; 7 mo. 13¢	24,168,185.02	22,003,136.26
1980	4 mo. 9¢; 8 mo. 11¢	19,747,767.91	17,687,337.87
1979	9¢	18,689,941.84	16,417,492.25
1978	9¢	15,637,182.44	13,811,762.75
1977	9¢	16,797,367.08	14,752,397.69
1976	9¢	17,163,379.73	15,229,662.60
1975	5 mo. 7¢; 7 mo 9¢	14,137,483.57	12,358,521.20
1974	7¢	12,334,837.43	10,759,166.60
1973	7¢	12,532,515.10	11,689,539.10
1972	7¢	11,125,638.89	9,329,921.14
1971	7¢	11,288,380.04	9,666,210.12
1970	7¢	10,278,426.76	9,365,082.00
1969	7¢	11,051,519.92	9,373,738.47
1968	7¢	9,015,431.11	7,882,435.85
1967	6 mo. 6¢; 6 mo. 7¢	6,751,873.82	5,374,543.43
1966	6¢	3,896,530.56	3,066,909.43
1965	6¢	3,259,010.76	2,669,002.75
1964	6¢	2,978,020.02	2,413,207.77
1963	6 mo. 5¢; 6 mo. 6¢	2,590,585.67	2,070,776.26
1962	5¢	2,461,588.80	2,076,941.71
1961	5¢	1,978,193.15	1,455,104.71
1960	5¢	1,866,907.60	1,438,856.95

The method for collecting the aviation taxes changed in 1984. Prior to 1984, the rate for aviation fuels was 5 cents per gallon, but the full gasoline tax was charged, and the purchaser had to apply for a refund of the difference. Then, starting in 1984, purchasers were charged only the aviation fuel rate, and only those using more than 50,000 gallons per year have a need to apply for a refund based on the graduated refund scale. Starting in 2000, the amount shown as tax collected is the net amount after refunds were taken by major airlines as credits on their tax returns.

**Petroleum Taxes in Minnesota** was prepared by the Petroleum Tax Division of the Minnesota Department of Revenue. For additional copies or further information, contact: Petroleum Tax Division, Minnesota Department of Revenue, Mail Station 3333, St. Paul, MN 55146-3333, (651) 296-0889 or visit our Web site at [www.taxes.state.mn.us](http://www.taxes.state.mn.us).

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