



# HOUSE COMMITTEE ON APPROPRIATIONS

## FISCAL NOTE

HOUSE BILL NO. 2233

PRINTERS NO. 3276

PRIME SPONSOR: Greiner

### COST / (SAVINGS)

FUND	FY 2019/20	FY 2020/21
Motor License Fund	\$0	\$0
Political Subdivision Funds	See "Fiscal Impact"	See "Fiscal Impact"

**SUMMARY:** Amends Title 75 (Vehicles) to allow political subdivisions and volunteer services to share a common bulk storage tank for the storage of tax-exempt motor fuel. This legislation would take effect immediately.

**ANALYSIS:** This legislation adds a new section to Chapter 90 (relating to Liquid Fuels and Fuels Tax) to allow political subdivisions and volunteer services to share a common bulk storage tank ("storage tank") for tax-exempt motor fuel ("fuel"). These entities, referred to as "exempt entities", are subject to limitations as prescribed below:

- May not be a distributor, as defined in Chapter 90, or sell or deliver tax-free fuel to any other person or exempt entity.
- May only use tax-free fuel only for their own official business purpose.
- Must cooperate with the Department of Revenue ("DOR") during an investigation or audit pertaining to the use, sale or delivery of fuel.

Failure to adhere to the use, sale, and delivery provisions prescribed within the legislation would result in the exempt entities paying a determined amount of applicable tax on the fuel, an additional penalty equal to 100% of the determined tax, and any additional penalty, summary offense, or misdemeanor applicable per Chapter 90.

To facilitate the shared use of a storage tank for fuel, this legislation requires an agreement to be entered into between exempt entities and is subject to the following conditions:

- The storage tank must be owned, and located on property owned, by one of the exempt entities of the agreement and cannot commingle fuel and tax-paid motor fuels.
- Each exempt entity must contract separately for the purchase and delivery of fuel exclusively with a registered distributor and maintain separate recordkeeping of all transactions.
- Only exempt entities participating in the agreement may extract fuel for an official business purpose and cannot exceed the amount the participant acquired from a registered distributor.

To facilitate the transfer of fuel from a political subdivision to a volunteer service, the legislation requires that the political subdivision and volunteer service enter into an agreement and is subject to the following conditions:

- The storage tank from which the volunteer service extracts fuel is owned by either the political subdivision exclusively, or in part with a volunteer service, and does not contain any tax-paid motor fuel.
- The volunteer service provides its services to the political subdivision and its residents.
- The volunteer service must take delivery directly or may extract fuel to be placed directly into a vehicle owned and operated of the volunteer service for a nontaxable purpose.

Finally, the legislation allows DOR to disclose records to appropriate enforcement authorities for 1) investigation if incorrect information is discovered on a storage tank or 2) for a violation that could pose a threat to public safety.

**FISCAL IMPACT:** This legislation would have no adverse fiscal impact on Commonwealth or political subdivision funds and could ultimately reduce costs for political subdivisions and volunteer emergency service providers since multiple fuel tanks would no longer be required within a political subdivision.

**PREPARED BY:** Tim Rodrigo  
House Appropriations Committee (R)

**DATE:** April 13, 2020

*Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*