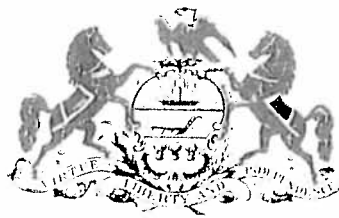


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House of Representatives
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

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MEMORANDUM

DATE: January 10, 2011

FROM: Representative Gordon R. Denlinger 

TO: All House Members

SUBJECT: Reintroduction of Legislation
(**Prior HB 1002** – Motor Fuel Tax)

Untaxed fuels are referred to as “dyed fuels,” while taxed ones are called “clear fuels.” In the United States, the Environmental Protection Agency (EPA) mandates the use of a red dye to identify high-sulfur fuels. Diesel fuel is being dyed for two reasons; 1) To help reduce air pollution by identifying fuel not suitable for highway use, and 2) To help reduce tax cheating by identifying fuel on which Federal and state taxes have not been paid.

Until the end of 2004, the Internal Revenue Code (IRC) permitted intercity and charter buses to use dyed diesel fuel, which is not subject to Pennsylvania fuel tax. Although Title 75 (Vehicle Code) does not provide a fuel tax exemption for intercity buses; Title 75 implied that these buses were allowed to use dyed diesel fuel. Bus companies who used dyed fuel on Pennsylvania highways paid no fuel tax on the dyed fuel, while buses that opted for the clear fuel were entitled to a 55 mill surtax reimbursement for fuel consumed on Pennsylvania highways.

Beginning January 1st, 2005, the IRC was amended to require intercity bus and charter operators to discontinue using dyed diesel fuel and use only clear fuel. This change resulted in bus companies having to pay both Federal and state taxes upfront, while allowing for a partial refund at both the Federal and state level.

I intend to reintroduce legislation that would restore a refund for bus companies that were previously allowed to use dyed diesel fuel under Federal law. This legislation would reimburse a bus company for the tax paid on fuels used in the operation of the bus company of intercity buses on highways within the Commonwealth. If you would like to be a co-sponsor of this legislation, please contact Jessica Murphy at Jlmurphy@pahousegop.com.

Previous Cosponsors: DENLINGER , R. MILLER , BAKER , BENNINGHOFF , BOYD , CALTAGIRONE ,
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