

2200 Division of Motor Vehicles

Motor Fuel Tax Administration

THESE REGULATIONS ARE PROMULGATED BY THE SECRETARY OF THE DEPARTMENT OF PUBLIC SAFETY IN ORDER TO PROMOTE THE EFFECTIVE ENFORCEMENT AND ADMINISTRATION OF THE MOTOR FUEL AND SPECIAL FUEL TAX LAW (CHAPTER 51, TITLE 30, DELAWARE CODE) AS SPECIFICALLY AUTHORIZED IN SECTION 5118 AND SECTION 5138 RESPECTIVELY OF SAID LAW AND FURTHER AUTHORIZED IN THE BODY OF SAID LAW.

2244 Motor Fuel Tax Regulations

Subchapter I. Gasoline

- 1.1 Delegation:
- 1.1.1 The routine administration of this subchapter is hereby delegated by the Secretary of Public Safety to the Director of the Division of Motor Fuel Tax except in the matters of appeal of tax assessments and promulgation of rules and regulations.
- 1.2 Definitions:
- "**Gasohol**" shall be a blend of nine (9) parts unleaded gasoline and one (1) part ethanol and shall be mixed by a distributor at time of delivery to a purchaser. A retail seller shall clearly label all pumps dispensing gasohol as such.
- "**Gasoline**" as defined in section 5101(4), shall include the mixture of gasoline and ethyl alcohol (ethanol) commonly referred to as "gasohol".
- "**Retailer**" shall include a service station, operator, broker, jobber, peddler or any person who offers gasoline for sale in Delaware and who does not possess a valid Delaware Distributor's license.
- 1.3 License:
- 1.3.1 MFT-6 for a Retailer's license. The license is required before any person can import, export, sell or distribute gasoline in this state. A business operating without a license may be issued a "Stop Sale" order until the proper license has been acquired.
- 1.3.2 A license issued by the Department shall be displayed in a conspicuous manner on the premises described on the license.
- 1.3.3 A license is not transferable to a new owner of a business and must be returned to the Department for cancellation if a business terminates, for whatever reason, during a license year.
- 1.3.4 A license application shall be reviewed within ten (10) state business days of receipt in this Division and immediately processed, if properly prepared and accompanied by the prerequisite surety bond. If the application is not complete (including bond), it will be returned to the applicant within the ten (10) day review period for the necessary information and/or documents required.
- 1.4 Bond:
- Surety bond (Form MFT-3) in the amount of an estimated three (3) months' tax liability is required before a Distributor's license can be issued. A bond is not required for a Retailer's license.
- 1.5 Tax Exempt Sales:
- 1.5.1 Any agency of the Federal, State, County, or Municipal governments or a volunteer fire company or a volunteer ambulance service may purchase gasoline tax free, but first they must apply to the Department for tax exemption on Form MFT-16 in triplicate. Upon approval by the Department, two copies will be returned to the applicant - one for the applicant's files and one to be forwarded to the Distributor. The applicant's copy may be reproduced as needed for presentation to a new Distributor.

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1.5.2 Any licensed Distributor intending to sell gasoline tax free to exempt purchasers enumerated in paragraph 1 must first require a tax exemption certificate from said purchaser. The gasoline sale will then be billed tax free to said purchaser by the Distributor. Gasoline cannot be purchased tax free with cash at the pump.

1.6 Reporting:

1.6.1 Tax accrues on delivery of gasoline to a retail dealer (Section 5112) whether a sale or on consignment or whether the outlet is owned by the Distributor. This is interpreted to mean at the time of the "drop", i.e., when placed into the storage tank(s) of the retail outlet.

1.6.2 Ethanol used to produce gasohol is to be reported on the Distributor's monthly report in the same manner as gasoline.

1.6.3 The aggregate allowance for evaporation loss of gasoline as reported on line 14 of the Distributor's monthly report (MFT-1) is limited to a maximum of 1% of the total of the beginning inventory plus receipts over a twelve-month period. Loss in excess of this will be taxed. Tax, once paid, is not recoverable on gasoline lost or missing from a bulk storage tank.

1.6.4 A casualty loss of untaxed gasoline may be claimed if documentation is provided to the satisfaction of the Secretary of Public Safety.

1.7 Refunds:

1.7.1 Tax will not be refunded on gasoline used from the supply tank of a licensed vehicle even though that fuel is used off-highway to operate a power take-off or a separate motor. However, if the vehicle has a separate fuel tank for the loading-unloading operation or if the vehicle is equipped with a metering device which measures the gasoline used in loading and unloading operations when the vehicle is at a standstill, a refund may be claimed. Prior permission and reporting requirements must be secured from the Director before claiming such refunds.

1.7.2 As proof of gasoline purchased on refund applications (Form MFT-4), original invoices must be submitted bearing name of seller, name of purchaser, date of purchase, type of fuel, number of gallons purchased, price per gallon and total amount paid. They must also be marked "paid" and initialed by the seller. In the absence of original invoices for bulk purchases, an itemized statement from the seller indicating that payment has been made will suffice. In the case of gasoline purchased at a retail station in a can or drum for boats, planes or other non-highway use, the invoice must so indicate.

1.7.3 On refund applications, persons claiming to have purchased gasoline at a retail station, when the vehicles are normally fueled from claimant's own bulk tank or when a bulk tank is available on claimant's premises, must present copies of invoice tickets or credit cards to substantiate such retail purchases.

1.7.4 A claimant must indicate ALL gasoline purchased and ALL vehicles fueled from bulk tanks owned or controlled by him on a refund claim and be prepared to document off-highway use, if necessary.

1.7.5 A false statement on a refund claim with intent to mislead or defraud the state shall constitute grounds for voiding the entire claim and expose the claimant to criminal prosecution.

1.7.6 The Director has the right and the obligation to determine a reasonable number of gallons of fuel used per acre in each farm claim for refund. The burden of proof of actual fuel used in farming operations rests with the claimant. In the absence of such proof, the Director may adjust the refund claim to a reasonable figure for farm use.

1.7.7 No gasoline tax refund will be made to any person who owes this Division tax or an assessment, for any reason, until payment is received.

1.8 Records:

1.8.1 The records of Distributors, as required in section 5123, may be microfilmed and these presented to auditors conducting periodic audits, providing the original records are maintained for three (3) years and are available when and if required during the audit. Equipment for viewing the microfilm must be provided by the taxpayer.

1.9 Standards:

- 1.9.1 When analyzed by a laboratory, if the ethanol content of a sample of gasohol is significantly more or less than 10%, a "Stop Sale" will be issued to the seller until the situation is corrected.
- 1.9.2 Assuming a "Stop Sale" is issued for a specification failure of gasohol, adding straight ethanol to the storage tank to raise the ethanol content will not be permitted. The product must be pumped out and rebleded at the proper temperature for homogenizing before replacing into storage.
- 1.9.3 For purposes of the administration of this chapter, the State of Delaware does hereby adopt the specifications of motor fuels as defined by the "American Society of Testing and Materials" (ASTM).
- 1.10 Inspection:
 - 1.10.1 The inspection of records authorized under section 5123 shall be deemed to include the inspection of the physical premises, including storage facilities, fuel pump totalizers, the measurement of actual inventories and the taking of fuel samples for testing purposes for which reimbursement will be made.
 - 1.10.2 Whenever an agent of the Department of Public Safety shall find any person marketing gasoline in violation of the provisions of Chapter 51, Title 30, **Delaware Code**, or the rules and regulations promulgated pursuant thereto, he may direct such person to cease such violation including further sale or distribution of motor fuel and issue a "Stop Sale" for the whole or any part of the operation until such violation has been corrected.
 - 1.10.3 Substandard or contaminated gasoline or gasohol and inoperable or inaccurate pump totalizers shall be specific, but not exclusive, reasons to issue an immediate "Stop Sale". If, after such notification the violation continues, the Secretary of the Department of Public Safety shall refer the matter to the Attorney General of Delaware for legal action as specified in section 5128, Chapter 51, Title 30, **Delaware Code**.
- 1.11 Electronic Funds Transfer (EFT)
 - 1.11.1 Definitions:
 - “**Account Name**” represents the name that the RDFI will credit with EFT funds being transferred. All funds are credited to the Delaware Transportation Trust Fund.
 - “**Amount**” identifies the dollar amount being remitted for each amount type by license and tax period. Since the computer program is right justified, the amount figure should always contain cents (cc).
 - “**Amount Type**” is used to identify the payment amount which follows. Identified values include "T" for tax, "P" for penalty and "I" for interest.
 - “**Automated Clearinghouse (ACH)**” is a system specifically established to facilitate the processing of electronic payments.
 - “**Automated Clearinghouse Credit (ACH-Credit)**” is defined as a transaction in which the taxpayer notifies its originating depository financial institution (ODFI) that it desires to make one or more payments to the receiving depository financial institution (RDFI).
 - “**Bank Routing Number/Account Number**” represents the bank routing number for Wilmington Trust Company (031100092) and Delaware Transportation Trust Fund Account Number 2320-3294.
 - “**Electronic Funds Transfer (EFT)**” is a generic term applied to any of several means of making payments from one party to another through a series of instructions and messages communicated electronically (via computer) among financial institutions.
 - “**Fedwire**” is an alternative method of transferring payment from the taxpayers ODFI to the States RDFI.
 - “**Originating Depository Financial Institution (ODFI)**” is defined as the financial institution used by the taxpayer to make one or more payments through a series of instructions or messages.
 - “**Receiving Depository Financial Institution (RDFI)**” is defined as the bank designated by the State of Delaware (Wilmington Trust Company) to receive electronic funds transfer (EFT) payments.

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“**Tax Payment (TXP) Format**” is the standardized method of identifying one or more payment types within an EFT transmission.

The TXP Format contains the following segments which identify the data that pertains to an EFT transmission such as FEI-License Number, tax type, tax period, amount type, and amount.

A TXP format may contain payment of tax, interest and penalty if it is in payment of the same federal employer identification number-license number, tax period and tax code.

“**Tax Period**” is used to identify the tax period in which the payment covers. The digits from left to right represent year-month-date (YYMMDD) respectively.

“**Tax type**” represents which kind of payment that is being transmitted. Code "051" is used exclusively for payment of motor fuel (gasoline) and "052" is used exclusively for payment of special fuel.

“**Taxpayer FEI-License Number**” is the identification number used in the TXP format to identify the taxpayer originating the EFT payment. This identification number consists of your Federal Employer Identification number and the five (5) digit license number indicated in the upper right hand corner of the license issued to you by this Division. The FEI number and license number must be separated by a hyphen (-). A separate TXP format is required for each license held.

“**Terminator (\)**” is used to end a single TXP format.

“**The separator**” is used to separate fields within a TXP format. The character to be used as a separator is the asterisk (*).

“**Total Payment**” represents the total monies that are being transferred by the taxpayers bank to the Delaware Transportation Trust Fund. The total amount of the transfer must agree with the payment for each EFT segment.

“**Transaction**” is defined as the transmittal of the EFT payment accompanied with as many TXP formats as required to completely identify all components of the payment. Refer to "Electronic Funds Transfer Payment Requirements" under Section 11.3.1.

1.11.2 Electronic Funds Transfer Payment Requirements:

- 1.11.2.1 Every company/firm with a combined (motor fuel and special fuel) minimum monthly tax liability of \$20,000 must electronically transmit their tax payments utilizing the ACH-Credit transfer method and follow the tax payment (TXP) format indicated in Section 1.11.3.
- 1.11.2.2 Any newly licensed company/firm who meets the \$20,000 monthly minimum tax threshold requirement must implement the EFT program within two months of receipt of the license. Any company/firm currently licensed who meets the \$20,000 monthly minimum tax threshold requirement for the first time must implement the EFT tax payment program within two months of notification by this Division.
- 1.11.2.3 Any company/firm that has a combined minimum monthly tax liability of less than \$20,000 may electronically transmit their tax payments following the same procedures mentioned in 1.11.2.1 and 1.11.2.2.
- 1.11.2.4 If payment of penalty and/or interest is for a period other than the tax payment period, a separate TXP format transmission is required for the penalty and/or interest payment.
- 1.11.2.5 Should a monthly tax period involve a zero payment or no activity tax return, a TXP payment format must be transmitted indicating "0" in the appropriate amount fields.
- 1.11.2.6 The use of EFT payments, whether required by regulation or on a voluntary basis, cannot be discontinued until requested and approved by the Director.
- 1.11.2.7 In cases of emergency, the Division will allow the use of Fedwire to electronically transmit tax payments. Prior approval must be obtained from the Department Secretary at least two (2) days prior to the due date so that tax data information may be obtained in order to credit the proper taxpayer account.
- 1.11.2.8 In lieu of making monthly EFT payments, tax returns and remittances may be hand delivered prior to 12:00 noon (Eastern Standard Time) on or before the due date.

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1.11.2.9 All EFT payments must be received by the Receiving Depository Financial Institution before 2:00 p.m. (Eastern Standard Time) on or before the due date. An official state holiday calendar will be distributed annually to all licensed motor fuel and special fuel accounts. When the due date falls on a weekend or state holiday, the due date of the tax payment shall be the next following business day of the state.

1.11.2.10 In order to ensure that tax payments are timely credited to the state account, the Division recommends that the taxpayer notifies its originating bank (ODFI) at least two or three days prior to the impending EFT transaction. A pre-note (test) of the EFT system should take place at least ten days prior to the first EFT transmission in order to establish proper EFT transaction procedures.

1.11.3 Tax Payment (TXP) Format Requirements:

1.11.3.1 The following tax payment format must be used by required EFT accounts and those accounts who elect the EFT program on a voluntary basis.

		TXP TAX REPORTING FORMAT	CHARACTERS/SPACES REQUIRED
1	SEGMENT IDENTIFIER	TXP	3 CHARACTERS
2	SEPARATOR	*	1 CHARACTER
3	TAXPAYER FEI – LICENSE NO.	123456789-12345	15 CHARACTERS
4	SEPARATOR	*	1 CHARACTER
5	TAX TYPE	051 OR 052	3 CHARACTERS
6	SEPARATOR	*	1 CHARACTER
7	TAX PERIOD	910731	6 CHARACTERS
8	SEPARATOR	*	1 CHARACTER
9	AMOUNT TYPE	T	1 CHARACTER
10	SEPARATOR	*	1 CHARACTER
11	AMOUNT	1111111111	10 CHARACTERS
12	SEPARATOR	*	1 CHARACTER
13	AMOUNT TYPE	I	1 CHARACTER
14	SEPARATOR	*	1 CHARACTER
15	AMOUNT	1111111111	10 CHARACTERS
16	SEPARATOR	*	1 CHARACTER
17	AMOUNT TYPE	P	1 CHARACTER
18	SEPARATOR	*	1 CHARACTER
19	AMOUNT	1111111111	10 CHARACTERS
20	TERMINATOR	\	1 CHARACTER

(70)

TXP*123456789-12345*051*910731*T*1111111111*I*1111111111*P*1111111111\

T = TAX

DELAWARE DIVISION OF MOTOR FUEL TAX

I = INTEREST

P = PENALTY

051 = MOTOR FUEL

052 = SPECIAL FUEL

THE REPOSITORY BANK IS:
WILMINGTON TRUST COMPANY
WILMINGTON DELAWARE

BANK ROUTING NUMBER: 031100092

ACCOUNT NUMBER: 2320-3294

1.11.4 Tax Report/Schedule Requirements:

- 1.11.4.1 Tax reports, including applicable schedules, must continue to be filed (U.S. postmarked) on or before the 25th of the month following the tax report month in order to be considered timely filed.

Subchapter II. Special Fuel

2.1 Delegation:

The routine administration of this subchapter is hereby delegated by the Secretary of Public Safety to the Director of the Division of Motor Fuel Tax except in the matters of appeal of assessments and promulgation of rules and regulations.

2.2 Definitions:

Special fuel is any distillate fuel, alcohol or liquified petroleum gas suitable for propelling a motor vehicle when such fuel is placed into the supply tank of a motor vehicle licensed to operate on the highways or when such fuel is placed into the bulk supply tank(s) of a special fuel User or Dealer capable of redistribution into a motor vehicle.

2.3 License:

- 2.3.1 Any person who is both a User and a Dealer of special fuel must be licensed as both. The combined monthly tax report filed by such persons must be submitted in duplicate.
- 2.3.2 Any person licensed as a special fuel Supplier is not required to be licensed as a special fuel User or Dealer even though he might be acting as such. Taxable use, retail sales and bulk sales will all be reported on the Supplier's monthly report (SF-9).
- 2.3.3 Only a licensed special fuel Supplier may supply or place special fuel into a bulk storage tank capable of redistribution which does not display a tax exemption sticker thereon. If a tax exemption sticker is not in evidence, the licensed Supplier must include the applicable tax in the price of the fuel and remit same to this Division monthly.
- 2.3.4 A distillate fuel supplier may place special fuel from a tank truck into the supply tank of a licensed motor vehicle not owned by himself only if (1) he is the holder of a special fuel Dealer's or Supplier's license authorizing him to collect the applicable tax or (2) the owner of the vehicle is a licensed User. An exception would be made only in case of emergency.
- 2.3.5 A license is not transferable and is valid until expired, cancelled or revoked.
- 2.3.6 Each bulk supply tank is considered to be a separate location for purposes of licensing and reporting same.
- 2.3.7 A license application shall be reviewed within ten (10) state business days of receipt in this Division and immediately processed if properly prepared and accompanied by the prerequisite surety bond. If the application is not complete (including bond), it will be returned to the applicant within the ten (10) day review period for the necessary information and/or documents required.

2.4 Bond:

- 2.4.1 A surety bond must be procured by the applicant before a special fuel license can be issued. The bond (Form SF-3) must be in amount of approximately three (3) months' tax liability, but not less than \$500 nor more than \$100,000.

- 2.4.2 The special fuel bond shall cover the liability of a special fuel licensee whether the licensee is the holder of one or more special fuel licenses or whether the licensee terminates one type of special fuel license and acquires another.
- 2.4.3 The Director of the Division of Motor Fuel Tax assumes the right, in the case of a taxpayer with multiple locations and, therefore, multiple licenses, to require a separate surety bond for each such license when the maximum surety amount of \$100,000 for one bond does not cover the aggregate 3-months' tax liability of said taxpayer.
- 2.5 Reporting.
 - 2.5.1 A monthly tax report is required for each licensed location (tank) of special fuel. A User or a Dealer reports on Form SF-4. A Supplier reports on Form SF-9.
 - 2.5.2 A licensed Dealer of special fuel must file a report (SF-24) of the meter (totalizer) reading of each diesel pump as of the last day of each month, on or before the 25th day of the following month.
 - 2.5.3 A report is required for each month, or fraction thereof, in which a license is held whether or not there were transactions.
 - 2.5.4 The aggregate allowance for evaporation loss of special fuel as reported on line 9 of the User/ Dealer monthly report (SF-4) is limited to a maximum of 1/2 % of the total of the beginning inventory plus receipts over a twelve-month period. Tax, once paid, is not recoverable on special fuel lost or missing from a bulk storage tank.
- 2.6 Tax Exemption:
 - 2.6.1 Special fuel placed into a licensed motor vehicle is tax exempt only when used by federal, state, county or municipal governments or by volunteer fire companies, or by volunteer ambulance services in their official vehicles.
 - 2.6.2 Special fuel placed into reefer units is tax exempt.
 - 2.6.3 Special fuel delivered or placed into a bulk supply tank capable of redistribution is not tax exempt unless there is a special fuel tax-exemption sticker affixed to the pump. This sticker is obtained by the user at no charge from the Division of Motor Fuel Tax by completing an application (SF-8) attesting to the non-taxable use of the fuel thus stored.
 - 2.6.4 Any distillate fuel supplier may supply or place fuel into a bulk storage tank which displays a tax-exemption sticker. However, only a licensed special fuel Supplier may supply a tank with no sticker affixed thereto. The Supplier must then include the applicable tax in the price of the fuel delivered or placed into said tank.
 - 2.6.5 A licensed User or Dealer will automatically receive a tax-exemption sticker with his license which must be affixed to his bulk storage tank or pump to indicate to a special fuel Supplier that fuel may be placed into said tank tax-free.
- 2.7 Records:
 - 2.7.1 Every licensed special fuel User shall keep fuel invoices, inventory records, and licensed vehicle odometer readings and shall maintain a record book or log on or near the fuel pump in which to record special fuel placed into his motor vehicles for reporting purposes. Licensed Users paying the applicable tax based upon receipt of special fuel into storage must only keep fuel invoices. If special fuel is occasionally purchased at retail stations for vehicles, purchase receipts must be maintained for audit purposes.
 - 2.7.2 Every licensed special fuel Dealer must keep special fuel invoices, inventory records, copies of special fuel sales tickets and shift reports to substantiate the monthly report filed. He must also record the pump meter (totalizer) readings on the last day of each month for reporting sales monthly. All non-taxable special fuel sales must be substantiated by a sales ticket indicating the nature of the sale.
 - 2.7.3 Every licensed special fuel Supplier must provide sales invoices to their customers indicating seller's name, purchaser's name, date of sale, type of fuel, number of gallons sold, price per gallon and the statement "State Tax Included" or "State Tax Not Included".
- 2.8 Standards:

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For purposes of the administration of this sub-chapter, the State of Delaware does hereby adopt the specifications of special fuels as defined by the "American Society of Testing and Materials" (ASTM).

2.9 Inspection:

2.9.1 The inspection of records authorized under section 5138(b) shall be deemed to include the inspection of the physical premises of the licensee, including storage facilities, fuel pump totalizers, the measurement of actual inventories and the taking of fuel samples for testing purposes, for which reimbursement will be made.

2.9.2 Whenever an agent of the Division of Motor Fuel Tax shall find any person marketing special fuel in violation of the provisions of Chapter 51, Title 30, **Delaware Code**, or the rules and regulations promulgated pursuant thereto, he may direct such person to cease such violation including further sale or distribution of special fuel and issue a "Stop Sale" for the whole or any part of the operation until such violation has been corrected.

2.9.3 Substandard or contaminated special fuel and inoperable or inaccurate pump totalizers shall be specific, but not exclusive, reasons to issue an immediate "Stop Sale". If, after such notification the violation continues, the Secretary of Public Safety shall refer the matter to the Attorney General of Delaware for legal action as specified in section 5139, Chapter 51, Title 30, **Delaware Code**.

2.10 Liquified Petroleum Gas:

The following formula has been adopted for conversion of Liquified Petroleum Gas for purposes of tax reporting:

One pound of LP Gas = .2359 gallons

One gallon of LP Gas = 4.239 pounds

Source of this equation is Practical Guide to LP Gas Utilization; E. A. Clifford, Editor; Harbrace Publication.

2.11 Presumption:

Any special fuel User, Dealer or Supplier whether licensed or unlicensed, who maintains bulk storage of special fuel and who also owns (or controls) a licensed diesel motor vehicle or vehicles, is presumed to be fueling such vehicles from his own bulk storage facilities. If exception to this regulation is claimed by the User/Dealer/Supplier, he must be prepared to produce retail fuel purchase tickets to verify same. Recording of the vehicle odometer readings would also be advised to substantiate fuel used.

2.12 Electronic Funds Transfer (EFT)

For purposes of administering this section of the promulgated regulations with respect to special fuels, the same definitions, tax payment requirements, tax payment format requirements and tax report/schedule requirements as outlined under Section K. (Subchapter I) motor fuels shall apply.

2.13 Alternative Fuel Credits

2.13.1 Companies, organizations or entities must register with the Director, Motor Fuel Tax Administration or his designee to use non-taxed alternative special fuel in licensed motor vehicles involved in a pilot program, test program or demonstration program by documenting the following information.

2.13.1.1 The total number of vehicles in your firms registered fleet.

2.13.1.2 The number of alternatively fueled vehicles in the fleet including the types of alternative fuel used.

2.13.1.3 The number of alternative vehicles to be considered as part of the demonstration program, test program or pilot program.

2.13.1.4 Identify any alternatively fueled motor carrier class vehicles intended to be made a part of the demonstration program, test program or pilot program.

- 2.13.1.5 The nature of the data to be collected on fuel economy, performance and air emission test for program analysis as required by Title 30, Chapter 51, Section 5131(11), **Delaware Code**.
PLEASE NOTE: Any company, organization or entity that is not collecting and analyzing data on alternative fuel economy and performance will be determined not to be conducting a test program to determine the commercial feasibility of alternatively fueled vehicles.
- 2.13.1.6 Identify all source(s) of supply for alternative fuel purchases including name, address and phone number.
- 2.13.2 Companies, organizations or entities engaged in pilot programs, test programs or demonstration programs to determine the commercial feasibility of alternatively fueled vehicles must either:
- 2.13.2.1 Be licensed as a Special Fuel User in accordance with Title 30, Chapter 51, Subchapter II, **Delaware Code**, or
- 2.13.2.2 Purchase its alternative fuel from a licensed Special Fuel Supplier or Dealer who is capable and willing to report separately the alternative fuel sold as a motor fuel in relation to the approved demonstration program. The licensed Special Fuel Supplier or Dealer is responsible for the maintenance of records to support the non-taxed demonstration program alternative fuel distribution. Only the alternative special fuel placed into the supply tanks of vehicles included in an authorized demonstration program as authorized by the Director, Motor Fuel Tax Administration shall be tax exempt.
- 2.13.3 In the event that a company, organization or entity conducting an authorized demonstration program operated "dual fuel vehicles", only the alternative special fuel used to propel the subject vehicle will be exempt from the motor fuels excise tax. All other conventional fuel used to propel the dual fuel vehicle shall be subject to the motor fuels excise tax.
- 2.13.3.1 "Dual fuel vehicle" is considered a vehicle that is capable of operation on more than one type of fuel. "Conventional fuel" is considered gasoline (in all formulation states) and special fuel middle distillates to include diesel, fuel oil and kerosene (in all formulation states).
- 2.13.4 The number of vehicles involved in pilot programs, test programs or demonstration programs cannot exceed the greater of 10 vehicles or 10 percent of the taxpayers fleet. The number of vehicles authorized to be included in such pilot programs, test programs or demonstration programs shall be calculated based on the firms registered fleet.
- 2.13.5 Companies, organizations and entities conducting an authorized pilot program, test program or demonstration program shall identify and report to the Motor Fuel Tax Administration the specific vehicles included in such a program by the company's vehicle number or license plate number. Any vehicle changes must be reported to the Motor Fuel Tax Administration. Companies, organizations or entities with greater than 10 percent of their registered fleet converted to operate on alternative fuel shall not be permitted to regularly rotate the vehicles involved in such pilot programs, test programs or demonstration programs.
- 2.13.6 Any Delaware registered motor carrier class vehicle included in a pilot program, test program or demonstration program, into which non-taxed alternative special fuel is placed, is not exempt from motor carrier reporting. Companies, organizations or entities operating a fleet of motor carrier class vehicles, will be required to have a separate motor carrier registration for the reporting of alternatively fueled motor carrier class vehicles involved in demonstration programs. Quarterly motor carrier tax reports for vehicles included in demonstration programs are to be calculated so as to indicate no tax liability and no credit accrual by reporting Delaware fuel purchases on line 7a equal to the calculated Delaware fuel usage. No over purchase credit refunds will be established based on non-taxed alternative special fuel placed into vehicles included in demonstration programs. Also, no additional motor carrier road usage tax liabilities will be established if the vehicles are operated interstate.
- 2.13.7 The effective date for application of excise tax credits or refunds on special fuel used in alternatively fueled vehicles shall be October 29, 1993. Retroactive excise tax credits and/or

refunds may be granted provided the firm requesting the refund or credit registers with the Motor Fuel Tax Administration in accordance with M.1.