

1 **"§ 105-449.88. Exemptions from the excise tax.**

2 The excise tax on motor fuel does not apply to the following:

- 3 (1) Motor fuel removed, by transport truck or another means of transfer
4 outside the terminal transfer system, from a terminal for export, if the
5 motor fuel is removed by a licensed distributor or a licensed exporter
6 and the supplier of the motor fuel collects tax on it at the rate of the
7 motor fuel's destination state.
- 8 (1a) Motor fuel removed by transport truck from a terminal for export if the
9 motor fuel is removed by a licensed distributor or licensed exporter,
10 the supplier that is the position holder for the motor fuel sells the
11 motor fuel to another supplier as the motor fuel crosses the terminal
12 rack, the purchasing supplier or its customer receives the motor fuel at
13 the terminal rack for export, and the supplier that is the position holder
14 collects tax on the motor fuel at the rate of the motor fuel's destination
15 state.
- 16 (2) Motor fuel sold to the federal government for its use.
- 17 (3) Motor fuel sold to the State for its use.
- 18 (4) Motor fuel sold to a local board of education for use in the public
19 school system.
- 20 (5) Diesel that is kerosene and is sold to an airport.
- 21 (6) Motor fuel sold to a charter school for use for charter school purposes.
- 22 (7) Motor fuel sold to a community college for use for community college
23 purposes.
- 24 (8) Motor fuel sold to a county or a municipal corporation for its use.
- 25 (9) Biodiesel, fuel alcohol, and gasohol."

26 **SECTION 5.** The Department of Revenue shall report to the Revenue Laws
27 Study Committee on an annual basis the fiscal impact of the tax exemption for
28 biodiesel, fuel alcohol, and gasohol.

29 **SECTION 6.** This act becomes effective July 1, 2005.