



MULTISTATE INDIRECT TAX

Lawmakers enact and propose fuel tax suspensions and relief

Tax Alert

Overview

Lawmakers in Maryland, Georgia, and Connecticut have enacted temporary suspensions of their motor fuel taxes. Additionally, lawmakers in other states have proposed legislation to suspend their motor fuel taxes. On the federal level, Congressional lawmakers have introduced legislation to suspend the federal gasoline tax through December 31, 2022.

This Tax Alert outlines the enacted fuel tax suspensions in Maryland, Georgia, and Connecticut, summarizes other fuel tax suspension proposals, and provides considerations and implications for taxpayers.

Maryland

On March 18, 2022, Maryland Governor Larry Hogan signed [Senate Bill 1010](#) (S.B. 1010), which suspends the imposition and collection of the Maryland motor fuel tax, effective on March 18, 2022 and ending April 16, 2022 at 11:59 PM. The fuel tax suspension does not apply to all fuel products. Fuels included as part of the fuel tax suspension, include but are not limited to: gasoline (\$0.361/gallon); ethanol (\$0.361/gallon); diesel fuel (\$0.3685/gallon); biodiesel (\$0.3685/gallon); and compressed natural gas (\$0.361/gasoline gallon equivalent). For information on applicable Maryland motor fuel tax rates, please click [here](#). However, fuels such as aviation gasoline and electricity are specifically excluded from the fuel tax suspension and taxpayers should continue to collect and remit tax for these fuels.

Maryland's fuel taxes are imposed and collected/remitted prior to the ultimate sale of the fuel to the end-consumer. Accordingly, fuel suppliers/distributors may have inventory of tax-paid fuel that the supplier/distributor is required to sell tax-free to the end-consumer. S.B. 1010 authorizes the Maryland Comptroller to issue refund advances to "qualifying retailers" that hold tax-paid fuel inventory that is required to be sold tax free to end-consumers under the fuel tax suspension. For more information on the Maryland fuel tax suspension, including guidance for requesting a refund advance, please click [here](#).

Georgia

On March 18, 2022, Georgia Governor Brian Kemp signed [House Bill 304](#) (H.B. 304), which suspends the imposition and collection of the Georgia motor fuel tax, effective at 5:00 PM on March 18, 2022 and ending May 31, 2022 at 11:59 PM. H.B. 304 suspended tax on all fuels that are subject to the Georgia motor fuel excise tax, including, but not limited to: gasoline (\$0.291/gallon); diesel fuel (\$0.326/gallon); aviation gasoline (\$0.010/gallon); and compressed natural gas (\$0.291/gasoline gallon equivalent).

In addition to the state motor fuel tax, Georgia imposes a separate prepaid local tax on motor fuel sales. H.B. 304 only suspends the state motor fuel excise tax imposed under Ga. Code § 48-9-3; it does not suspend the prepaid local tax on motor fuel sales. For more information on the Georgia motor fuel tax suspension, including how to report fuel sold during the suspension period and obtain refunds related to tax-paid fuel inventory, please click [here](#).

Connecticut

On March 23, 2022, Connecticut Governor Ned Lamont signed [House Bill 5501](#) (H.B. 5501), which suspends the imposition and collection of the Connecticut motor vehicle fuels tax on gasoline (\$0.250/gallon), effective on April 1, 2022 and ending June 30, 2022. However, all other fuels such as diesel fuel, compressed natural gas, propane, are specifically excluded from the fuel tax suspension and taxpayers should continue to collect and remit tax for these fuels.

Federal and state fuel tax relief proposals

Congressional lawmakers have proposed the [Gas Prices Relief Act of 2022](#) (S. 3609 / H.R. 6787). As currently drafted, the legislation suspends the federal motor fuel tax (\$0.183/gallon) and the leaking underground storage tank (LUST) tax (\$0.001/gallon) on gasoline until December 31, 2022. The suspension would only apply to gasoline taxes and would not impact other fuel products.

Additionally, lawmakers in [Alabama](#), [Alaska](#), [California](#), [Colorado](#), [Florida](#), [Idaho](#), [Illinois](#), [Indiana](#), [Massachusetts](#), [Michigan](#), [Minnesota](#), [Missouri](#), [New Jersey](#), [New Mexico](#), [New York](#), [Ohio](#), [Pennsylvania](#), [Rhode Island](#), [South Carolina](#), and [Virginia](#) have introduced legislation or publicly announced fuel tax relief policy initiatives.

Observations

- **End-consumers** (e.g., motor carriers, companies with large fleets, etc.) may not be permitted to file for a fuel tax refund (e.g., the Maryland suspension) if their fuel vendor erroneously invoices the fuel tax during the suspension period. Accordingly, these taxpayers should verify proper invoicing of suspended fuel taxes with their fuel vendors prospectively and explore available remedies for any taxes invoiced during the suspension period. Furthermore, motor carriers should consider any change in their *International Fuel Tax Agreement* (IFTA) return filings.
- **Fuel Sellers** (e.g., fuel suppliers, dealers, retailers, etc.) should determine whether they hold any tax-paid fuel inventory following state fuel tax suspensions and whether there is a recovery mechanism available.

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