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MEMORANDUM

TO: Rules Review Subcommittee of the Senate Transportation Committee and the House Transportation & Defense Committee

FROM: Principal Legislative Research Analyst - Brooke Brouman

DATE: August 13, 2014

SUBJECT: State Tax Commission - Motor Fuels Tax

IDAPA 35.01.05 - Motor Fuels Tax Administrative Rules - Proposed Rule (Docket No. 35-0105-1402)

The State Tax Commission submits notice of proposed rulemaking relating to Motor Fuels Tax Administrative Rules. The proposed rule includes a rewrite of Rule 110, Calculation of Tax on Gaseous Fuels, which outlines conversion factors required by Section 63-2424(1), Idaho Code, to make it possible to assess the \$0.25/gallon gasoline tax on given volume of gaseous fuel based on the energy equivalent of a gallon of gasoline. The Commission states that Rule 110 is being changed to align the current conversion factors to national and industry standards.

The proposed rule also establishes new Rule 311 that outlines the procedures for International Fuel Tax Agreement ("IFTA") license bonds in accordance with Section 63-2442A, Idaho Code, and IFTA Articles of Agreement R340. This rule sets forth general requirements for posting bond and for the amount and type of bond required, allows the IFTA licensee to request a waiver from the bond requirement and references an appeal procedure for denied waiver requests. Rule 311 also provides that an applicant seeking to reinstate a revoked license may be required to post a bond, which is consistent with IFTA Articles of Agreement R430.200.

The Commission states that negotiated rulemaking was conducted. The Notice of Intent to Promulgate Rules - Negotiated Rulemaking was published in the June 4, 2014 Idaho Administrative Bulletin, Vol. 14-6, pages 95 and 96.

The Commission's proposed rule is authorized pursuant to Sections 63-105 and 63-2427, Idaho Code.

cc: State Tax Commission - Motor Fuels Tax
Sherry Briscoe