

54:39-2

LEGISLATIVE HISTORY CHECKLIST

NJSA: 54:39-2, 59:39-27 (Alcohol blend motor fuel - exempt from motor fuel tax)

LAWS OF: 1984

CHAPTER: 88

Bill No: A1713

Sponsor(s): Pankok and others

Date Introduced: May 21, 1984

Committee: Assembly: Revenue, Finance and Appropriations

Senate: Revenue, Finance and Appropriations

Amended during passage: No Substituted for S1917 (not attached since identical to A1713)

Date of Passage: Assembly: June 25, 1984

Senate: June 28, 1984

Date of Approval: July 18, 1984

Following statements are attached if available:

Sponsor statement: Yes

Committee statement: Assembly Yes

Senate Yes

Fiscal Note: No

Veto Message: No

Message on Signing: ~~No~~ Yes

Following were printed:

Reports: No

Hearings: No

ASSEMBLY, No. 1713

STATE OF NEW JERSEY

INTRODUCED MAY 21, 1984

By Assemblymen PANKOK, HERMAN, FOY, MEYER, BRYANT,  
HAINES, VILLANE, MARSELLA, Assemblywoman MUHLER,  
Assemblymen BENNETT, KLINE, MUZIANI, ROCCO, RILEY  
and GORMAN

AN ACT to provide a temporary and limited exemption for certain alcohol-blend motor fuel from the tax on motor fuels, amending R. S. 54:39-2 and R. S. 54:39-27 and supplementing chapter 39 of Title 54 of the Revised Statutes.

1 BE IT ENACTED *by the Senate and General Assembly of the State*  
2 *of New Jersey:*

1 1. R. S. 54:39-2 is amended to read as follows:

2 54:39-2. "Fuels" means (1) any liquid or gaseous substance  
3 commonly or commercially known or sold as gasoline regardless  
4 of its classification or use; and (2) any liquid or gaseous substance  
5 used, offered for sale or sold for use, either alone or when mixed,  
6 blended, or compounded, for the purpose of generating power for  
7 the propulsion of motor vehicles upon the public highways; and  
8 shall include:

9 (a) All grades of motor gasoline, natural gasoline, marine gaso-  
10 line, aviation gasoline, motor fuel blending naphthas, motor grade  
11 benzol and motor grade toluol; and

12 (b) Any liquid prepared, advertised, offered for sale or sold  
13 for use as or commonly and commercially used as a fuel in internal  
14 combustion engines, which when subjected to distillation in ac-  
15 cordance with the latest revised standard method of test for dis-  
16 tillation of gasoline, naphtha, kerosene, and similar petroleum  
17 products (American Society for testing materials Method D-86)  
18 shows not less than 10% distilled (recovered) below 347 degrees

**EXPLANATION**—Matter enclosed in bold-faced brackets [thus] in the above bill  
is not enacted and is intended to be omitted in the law.

Matter printed in italics *thus* is new matter.

19 (347°) Fahrenheit and not less than 95% distilled (recovered)  
20 below 464 degrees (464°) Fahrenheit; and

21 (c) All combustible gases which exist in a gaseous state at 60  
22 degrees (60°) Fahrenheit and at  $14\frac{7}{10}$  (14.7) pounds per square  
23 inch absolute pressure, industrial naphthas and solvents, aromatic  
24 distillates, diesel fuel, additives, and all other products not included  
25 within the foregoing provisions of this section; *provided, however,*  
26 that only those quantities of said combustible gases and said other  
27 products, which are used, offered for sale or sold for use to propel  
28 motor vehicles upon the public highways shall be subject to this  
29 act; *and provided further,* that any person dealing therein, shall  
30 at any time, and from time to time, upon written request of the  
31 commissioner, report his receipts, sales, use and distribution of  
32 said combustible gases and said other products in a manner pre-  
33 scribed by the commissioner; *and*

34 (d) "*Alcohol-blend motor fuel*" means a liquid or gaseous sub-  
35 stance, sold or used to propel motor vehicles upon the public high-  
36 ways, which is gasoline combined with a minimum of 10% grain-  
37 derived ethyl alcohol, whose purity shall be at least 99% alcohol,  
38 produced in the State from whole grain.

1 2. R. S. 54:39-27 is amended to read as follows:

2 54:39-27. a. Every distributor and gasoline jobber shall, on or  
3 before the 22nd day of each month, render a report to the Director  
4 of the Division of Taxation, stating the number of gallons of fuel  
5 sold or used in this State by him during the preceding calendar  
6 month. A tax of \$0.08 per gallon on each gallon so reported, ex-  
7 cept diesel fuel *and alcohol-blend motor fuel*, and a tax of \$0.08  
8 per gallon on each gallon of diesel fuel so reported, used, offered  
9 for sale, or sold for use to propel motor vehicles with diesel type  
10 engines on the public highways shall be paid by each distributor  
11 and gasoline jobber, such payment to accompany the filing of the  
12 report. *The tax on each gallon of alcohol-blend motor fuel shall*  
13 *be paid as provided in subsection b. of this section.* Such report  
14 shall contain such further information as the director may require.  
15 Under such regulations as the director may prescribe, sales of fuel  
16 and diesel fuel may be made by one licensed distributor or gasoline  
17 jobber to another licensed distributor or gasoline jobber free of  
18 such tax. If any distributor or gasoline jobber shall fail, neglect  
19 or refuse to file the report within the time prescribed by this section,  
20 the director shall note such failure, neglect or refusal upon his  
21 records, and shall estimate the sales, distribution and use of said  
22 distributor or gasoline jobber, assessing the tax thereon, adding to  
23 said tax a penalty of 20% thereof for failure, neglect or refusal to

24 report, and such estimate shall be prima facie evidence of the true  
 25 amount of tax due to the director from such distributor or gasoline  
 26 jobber; provided, that if a good and sufficient cause or reason is  
 27 shown for such delinquency, the director may remit or waive the  
 28 payment of the whole or any part of the penalty as provided in the  
 29 State Tax Uniform Procedure Law, subtitle 9 of Title 54 of the  
 30 Revised Statutes. Reports required by this section, exclusive of  
 31 schedules, itemized statements and other supporting evidence an-  
 32 nexed thereto, shall at all reasonable times be open to the public,  
 33 anything contained in [section] R. S. 54:50-8 to the contrary not-  
 34 withstanding.

35 *b. The tax per gallon on each gallon of alcohol-blend motor fuel,*  
 36 *as defined in subsection (d) of R. S. 54:39-2 shall be imposed as*  
 37 *follows:*

38 *(1) On and after October 1, 1985 but before January 1, 1988 the*  
 39 *tax on alcohol-blend motor fuel shall be \$0.08 less than the rate*  
 40 *applicable and paid on the sale or use of other fuels taxed under*  
 41 *this section which do not contain such a blend.*

42 *(2) On and after January 1, 1988 but before January 1, 1990 the*  
 43 *tax on alcohol-blend motor fuel shall be \$0.06 less than the rate*  
 44 *applicable and paid on the sale or use of other fuels taxed under*  
 45 *this section which do not contain such a blend.*

46 *(3) On and after January 1, 1990 but prior to January 1, 1992*  
 47 *the tax on alcohol-blend motor fuel shall be \$0.04 less than the rate*  
 48 *applicable and paid on the sale or use of other fuels taxed under*  
 49 *this section which do not contain such a blend.*

50 *(4) On and after January 1, 1992 the tax on alcohol-blend motor*  
 51 *fuel shall be at the same rate applicable and paid on the sale or*  
 52 *use of other fuels taxed under this section which do not contain*  
 53 *such a blend.*

54 *Any tax on alcohol-blend motor fuel imposed pursuant to this*  
 55 *subsection shall be paid at the same time and in the same manner*  
 56 *as the payment for the tax imposed on other fuels pursuant to sub-*  
 57 *section a. of this section.*

1 3. (New section) The Director of the Division of Taxation shall,  
 2 pursuant to the "Administrative Procedure Act," P. L. 1968, c. 410  
 3 (C. 52:14B-1 et seq.), adopt the rules and regulations necessary  
 4 to carry out the provisions of this amendatory and supplementary  
 5 act. So as to more fully inform the director of the validity of a  
 6 claim for exemption or reduced taxation under this amendatory  
 7 and supplementary act, the director is authorized to prescribe  
 8 periodic reports to be filed with the division by any person pro-  
 9 ducing grain-derived ethyl alcohol.

1 4. This act shall take effect immediately.

## STATEMENT

The purpose of this bill is to provide an incentive to potential producers and consumers of alcohol-blend motor fuel by temporarily lowering the motor fuels tax rate on this type of fuel. The tax benefit would apply only to grain-derived ethyl alcohol which is produced in the State from whole grain.

The ethanol which is produced would be used as an octaine enhancer, and the byproduct, distiller's dried grain, can be used as a cattle feedstock.

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*A1713 (1984)*

ASSEMBLY REVENUE, FINANCE AND APPROPRIATIONS  
COMMITTEE

STATEMENT TO  
**ASSEMBLY, No. 1713**

**STATE OF NEW JERSEY**

DATED: JUNE 18, 1984

Assembly Bill No. 1713 provides a temporary and limited exemption from the motor fuels tax for alcohol-blend motor fuel. The rate is temporarily lowered to \$.08 less than the applicable rate per gallon from October 1, 1985 to December 31, 1987; from January 1, 1988 to December 31, 1989, the rate is \$.06 less than the applicable rate; from January 1, 1990 to December 31, 1991, the tax is \$.04 less than the applicable rate per gallon; on and after January 1, 1992 the rate will be the same as the applicable rate per gallon for motor fuels.

This applies only to grain-derived ethyl alcohol that is produced in the State.

SENATE REVENUE, FINANCE AND APPROPRIATIONS  
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1713

STATE OF NEW JERSEY

DATED: JUNE 28, 1984

Assembly Bill No. 1713 provides a temporary and limited exemption from the motor fuels tax for alcohol-blend motor fuel. Alcohol-blend motor fuel is defined as "a liquid or gaseous substance, sold or used to propel motor vehicles upon the public highways, which is gasoline combined with a minimum of 10% grain-derived ethyl alcohol, whose purity shall be at least 99% alcohol, produced in the State from whole grain."

Under the bill the tax rate per gallon on alcohol-blend fuel is lowered as follows:

|   |  |
|---|--|
| Between October 1, 1985 and December 31, 1987 | \$.08 less than<br>regular rate            |
| Between January 1, 1988 and December 31, 1989 | \$.06 less than<br>regular rate            |
| Between January 1, 1990 and December 31, 1991 | \$.04 less than<br>regular rate            |
| On and after January 1, 1992                  | same as rate<br>for other mo-<br>tor fuels |

The bill is designed to encourage the domestic production and consumption of the end product, ethanol, as an octane enhancer. The dried grain byproduct can be used as a cattle feedstock.

OTHER LEGISLATION

Assembly Bill No. 1713 is identical to Senate Bill No. 1917.



BILLS S-822, S-1039, A-277, A-160, A-1713 SIGNED

WEDNESDAY, JULY 18, 1984

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A-1713, sponsored by Assemblyman Thomas A. Pankok, D-Salem, which creates a temporary and limited exemption from the motor fuels tax for alcohol-blend fuels provided that the motor fuel is blended with grain-derived ethyl alcohol produced in New Jersey from whole grain. The bill exempts such fuel from the eight-cent-per gallon tax on a sliding scale which would bring the tax back up to its full eight cents per gallon by 1992.

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