

State Motor Fuel Tax Changes – Jan. 1, 2004

-Hollon Oil Company must charge sales tax on ALL Gasoline or Un-Dyed Diesel Fuel (Low Sulfur) sales, except to the following exempt entities: federal government, public school districts, commercial transportation companies providing public school transportation services, electric cooperative, and telephone cooperatives.

-Hollon Oil Company is prohibited (it's illegal) from collecting tax on sales of Dyed Diesel Fuel (Hi-Sulfur).

-Customers wanting to purchase tax-free diesel fuel (including agriculture accounts) will be required to purchase Dyed Diesel Fuel (Hi-Sulfur) and must have a Dyed Diesel Fuel Bonded Users Permit or a Signed Statement and End User Number issued by the Comptroller's office.

-Customers requesting Un-Dyed Diesel Fuel (Low-Sulfur) will be required to pay the appropriate state tax of \$0.20 per gallon.

-Effective January 1, 2005, Un-Dyed Diesel Fuel used in off-highway equipment, stationary engines and used for other non-highway purposes will no longer be eligible for refund. The only exceptions are purchases by the federal government, a Texas public school district, a company that provides transportation for a Texas public school district, and a non-profit electric or telephone cooperative organized under the Texas Utilities Code.

-Sales of gasoline and diesel fuel between distributors is now taxable. Only sales of Dyed Diesel Fuel between distributors will be exempt from the tax.

- For answers to other questions, see the State Comptroller's web site at <http://www.cpa.state.tx.us/taxinfo/fuels/diesel.html> or tax.help@cpa.state.tx.us or Call Toll Free: 1-800-252-1383 - Local Number in Austin: 512/463-4600