

REFERENCE TITLE: motor fuel taxes; inflation adjustment

State of Arizona
House of Representatives
Fifty-fifth Legislature
First Regular Session
2021

HB 2436

Introduced by
Representatives Carroll: Wilmeth

AN ACT

AMENDING SECTION 28-5606, ARIZONA REVISED STATUTES; RELATING TO MOTOR FUEL TAXES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 28-5606, Arizona Revised Statutes, is amended to
3 read:

4 28-5606. Imposition of motor fuel taxes

5 A. In addition to all other taxes provided by law, a tax of
6 ~~eighteen cents~~ \$.18 per gallon is imposed on motor vehicle fuel possessed,
7 used or consumed in this state. BEGINNING JULY 1, 2022, THE RATES
8 PRESCRIBED IN THIS SUBSECTION SHALL BE ADJUSTED ANNUALLY TO REFLECT THE
9 AVERAGE ANNUAL CHANGE IN THE CONSUMER PRICE INDEX PUBLISHED BY THE UNITED
10 STATES DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS.

11 B. To partially compensate this state for the use of its highways:

12 1. A use fuel tax is imposed on use fuel used in the propulsion of
13 a light class motor vehicle on a highway in this state ~~at the same rate~~
14 ~~per gallon as the motor vehicle fuel tax prescribed in subsection A of~~
15 ~~this section~~ AT THE RATE OF \$.18 PER GALLON, except that there is no use
16 fuel tax on alternative fuels. BEGINNING JULY 1, 2022, THE RATES
17 PRESCRIBED IN THIS SUBSECTION SHALL BE ADJUSTED ANNUALLY TO REFLECT THE
18 AVERAGE ANNUAL CHANGE IN THE CONSUMER PRICE INDEX PUBLISHED BY THE UNITED
19 STATES DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS.

20 2. A use fuel tax is imposed on use fuel used in the propulsion of
21 a use class motor vehicle on a highway in this state at the rate of
22 ~~twenty-six cents~~ \$.26 for each gallon, except that there is no use fuel
23 tax on alternative fuels and use class vehicles that are exempt pursuant
24 to section 28-5432 from the weight fee prescribed in section 28-5433 are
25 subject to the use fuel tax imposed by paragraph 1 of this subsection.
26 BEGINNING JULY 1, 2022, THE RATES PRESCRIBED IN THIS SUBSECTION SHALL BE
27 ADJUSTED ANNUALLY TO REFLECT THE AVERAGE ANNUAL CHANGE IN THE CONSUMER
28 PRICE INDEX PUBLISHED BY THE UNITED STATES DEPARTMENT OF LABOR, BUREAU OF
29 LABOR STATISTICS.

30 3. Through December 31, 2024, a use fuel tax OF \$.09 PER GALLON is
31 imposed on use fuel used in the propulsion of a motor vehicle transporting
32 forest products in compliance with the requirements of section 41-1516 on
33 a highway in this state ~~at the rate of nine cents for each gallon~~, except
34 that there is no use fuel tax on alternative fuels.

35 C. The motor vehicle fuel and use fuel taxes imposed pursuant to
36 this section and the aviation fuel taxes imposed pursuant to section
37 28-8344 are conclusively presumed to be direct taxes on the consumer or
38 user but shall be collected and remitted to the department by suppliers
39 for the purpose of convenience and facility only. Motor vehicle fuel, use
40 fuel and aviation fuel taxes that are collected and paid to the department
41 by a supplier are considered to be advance payments, shall be added to the
42 price of motor vehicle fuel, use fuel or aviation fuel and shall be
43 recovered from the consumer or user.

44 D. Motor vehicle fuel and use fuel taxes imposed pursuant to this
45 section on the use of motor vehicle fuel and use fuel and the aviation

1 fuel taxes imposed pursuant to section 28-8344 on the use of aviation
2 fuel, other than by bulk transfer, arise at the time the motor vehicle,
3 use or aviation fuel either:

4 1. Is imported into this state and is measured by invoiced gallons
5 received outside this state at a refinery, terminal or bulk plant for
6 delivery to a destination in this state.

7 2. Is removed, as measured by invoiced gallons, from the bulk
8 transfer terminal system or from a qualified terminal in this state.

9 3. Is removed, as measured by invoiced gallons, from the bulk
10 transfer terminal system or from a qualified terminal or refinery outside
11 this state for delivery to a destination in this state as represented on
12 the shipping papers if a supplier imports the motor vehicle, use or
13 aviation fuel for the account of the supplier or the supplier has made a
14 tax precollection election pursuant to section 28-5636.

15 E. If motor fuel is removed from the bulk transfer terminal system
16 or from a qualified terminal or is imported into this state, the original
17 removal, transfer or importation of the motor fuel is subject to the
18 collection of the tax. If this motor fuel is transported to another
19 qualified terminal or reenters the bulk transfer terminal system, the
20 subsequent sale of the motor fuel on which tax has been collected is not
21 subject to collection of an additional tax if proper documentation is
22 retained to support the transaction.