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### **Modifications to section 95204, Reporting and Recordkeeping Requirements**

Section 95204(e) ("Producers and Importers of Gasoline and Diesel Fuels") requires that producers and importers of California gasoline, CARBOB or California diesel fuel report the total amount of each variety of fuel sold or supplied for use in California, with the fee effectively paid at the point of manufacture or import. It has been recommended as an alternative that the fee structure for transportation fuels instead parallel the current federal and state collection points for motor fuel excise taxes. Specifically, under this alternative the inventory position holders at distribution terminals and refineries would be responsible for the AB 32 fees when the product is removed for distribution within the state (i.e., "tax at the rack"). In the event gasoline or diesel fuel is distributed within the state in a non-bulk manner directly from a refinery that would be subject to the AB 32 fees, the fees would be separately identified and invoiced to in-state purchasers of gasoline and diesel fuel.

This alternative builds upon an existing and efficient tax administrative regime developed and used both by the federal government and California, relying upon existing business records and actual inventory data. Staff is directed to work with the producers and importers of gasoline and diesel fuels to develop a workable system to apply the cost of implementation fee for transportation fuels at the rack. The Executive Officer shall include appropriate amendments to the regulatory language in the final regulation.