

# Motor Fuel Frequently Asked Questions

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## What is the Motor Fuel Tax System?

- South Dakota's 8,000-mile network of roads and highways and its airport facilities and runways are essential to the state's economy and its citizens' quality of life. Through the taxation of fuels, the costs of creating and maintaining this transportation infrastructure and distributed proportionately to the individuals and businesses that use our transportation system.

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## What are the tax rates on clear fuel?

- **Fuel Tax Rates as of April 1, 2015**

FUELTYPE	FTA PRODUCT CODE	TAXRATE
<a href="#">Jet Fuel</a>	130	4 Cents per Gallon
<a href="#">AVGAS (Aviation Gasoline)</a>	125	6 Cents per Gallon
<a href="#">100% Ethyl Alcohol</a>	123	14 Cents per Gallon
<a href="#">100% Methyl Alcohol</a>	243	14 Cents per Gallon
<a href="#">Compressed Natural Gas(CNG)</a>	224	10 Cents per Gallon
<a href="#">Liquid Natural Gas (LNG)</a>	225	14 Cents per Gallon
<a href="#">Liquid Petroleum Gas (LPG)</a>	054	20 Cents per Gallon
* <a href="#">Biodiesel</a> & <a href="#">Biodiesel Blends</a>	284 & 170	28 Cents per Gallon
<a href="#">Gasoline</a>	065	28Cents per Gallon
Natural Gasoline	061	28 Cents per Gallon
Undyed (Clear) Diesel (Including K1 & K2 Kerosene)	160	28 Cents per Gallon

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### What are the tax rates on dyed fuel?

- Depending on what the dyed fuel is being used for will determine the tax rate that is paid.
- South Dakota charges 4.5% State Sales Tax plus applicable municipal sales tax applies to the selling price of dyed fuel when it is. Dyed fuels subject to sales tax are:
  - 072 Dyed Kerosene
  - 171 Dyed [Biodiesel Blends](#)
  - 228 Dyed Diesel Fuel
  - 290 Dyed [Biodiesel](#)
- Dyed Diesel may be purchased tax exempt if it is for Agriculture use.
- Dyed diesel is sales taxable for use other than agriculture.

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### What is the Tank Inspection fee and how much is it?

- Both state and federal law require that most owners of petroleum storage tanks be able to demonstrate financial responsibility for pollution cleanup and third-party liability. The United States Environmental Protection Agency (EPA) has approved the South Dakota Petroleum Release Compensation Fund (PRCF) as an acceptable mechanism for tank owners to demonstrate financial responsibility for corrective action and third-party compensation. PRCF revenues are generated by a two cents per gallon tank inspection fee on petroleum products received, shipped and stored in the state. This fund is used for the clean-up of petroleum spills. Please refer to [SDCL 34A-13-20](#) and Administrative Rule [74:32:02:01](#) for further information about the Tank Inspection Fee.

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### Who needs to be licensed in South Dakota?

- There are a number of motor fuel licenses: Terminal Operator, Supplier, Importer/Exporter, Transporter, Bulk Plant Operator, Ethanol Producer, Blender, Marketer, Tribal Marketer, CNG Vendor, LNG Vendor, LPG Vendor, LPG User, and Highway Contractor. Depending on the type of business you are conducting will determine what licenses you will need for your business.
- The 15 license types are:

License Type	Description
<b>Terminal Operator</b>	Person who by ownership or contractual agreement is charged with the responsibility and physical control over the operation of the terminal.
<b>Supplier</b>	Person that owns motor fuel or special fuel in the pipeline and terminal distribution system in this state or makes sales or authorizes the removal of this fuel from the terminal at the rack. They are also the person who owns fuel in the pipeline immediately before it is withdrawn at the terminal rack.
<b>Importer/Exporter</b>	Person who purchases or owns motor fuel or special fuel in another state or country and transports or delivers or causes the fuel to be transported or delivered into this state by any means other than pipeline.
<b>Transporter</b>	Person engaged in the activity of interstate or intrastate movement of fuel within this state by transport truck, rail car, or by any other means in quantities of over four thousand two hundred gallons.
<b>Bulk Plant Operator</b>	Person who has responsibility and physical control over the operation of a bulk plant.
<b>Ethanol Producer</b>	Person engaged in the business of producing ethyl alcohol for sale, use, or distribution.
<b>Ethanol Broker</b>	Person engaged in the business of marketing ethyl alcohol produced by ethanol producers located in South Dakota.
<b>Blender</b>	Person engaged in the activity of making blends.
<b>Marketer</b>	Person engaged in business as a wholesale distributor or retail dealer.
<b>Tribal Marketer</b>	Person engaged in the wholesale or retail sale of motor fuel or special fuel on Indian reservations and/or in Indian country that have tax agreements with the State of South Dakota and the Department of Revenue.

<b>CNG Vendor</b>	Person engaged in the business of selling compressed natural gas for use in the engine fuel supply tanks of motor vehicles and is regulated by the Public Utilities Commission.
<b>LNG Vendor</b>	Person engaged in the business of selling liquid natural gas for use in the engine fuel supply tanks of motor vehicles.
<b>LPG Vendor</b>	Person engaged in the business of selling liquid petroleum gas, wholesale or retail, for use in the engine fuel supply tank of a motor vehicle in this state or has the capability of selling liquid petroleum gas for use in the engine fuel supply tank of a motor vehicle. The term applies to any vendor who uses LPG in a motor vehicle.
<b>LPG User</b>	Person using liquid petroleum gas in the engine fuel supply tank of a motor vehicle and wishes to purchase liquid petroleum gas in bulk into a storage tank which has a delivery hose attached thereto on a tax unpaid basis in this state.
<b>Highway Contractor</b>	Person engaged in the activity of highway construction work in this state. The term does not include any person who only owns and operates motor vehicles within the right-of-way hauling gravel or concrete and does not own or operate off-road machinery in the highway construction work.

- Each license grants certain privileges and carries specific responsibilities. An individual or business may hold one or several licenses depending on the business transacted. For more information regarding each license type please refer to the [Licenses-Tax Returns](#) section of the Motor Fuel Manual.

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### How do I apply for a Motor Fuel License?

- You may complete an online application at <https://apps.sd.gov/applications/rv23cedar/main/main.aspx>

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### Is there a charge and bond requirement for a Motor Fuel License?

- No fees are charged for Motor Fuel licenses and there are no bonding requirements (except for individuals who are delinquent in reporting and remitting fuel tax, and to reinstate a revoked license).

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### What if I have more than one business location in South Dakota?

- A separate license is required for each type of business and for each location in the case of multiple sites.

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### What are the grounds for denial of a license?

- The secretary may refuse to issue or renew a license for any of the following reason:
  - The application is filed by a person whose license has been canceled for cause by the Secretary;
  - The applicant has made false or misleading statements in the application;
  - The application is filed by a person as a subterfuge for another person whose license has been canceled for cause by the Secretary;
  - At the time of application for license renewal, the person is found to have been delinquent in the filing of tax returns or the payment of taxes two or more times during the preceding license year; or
  - The applicant was convicted of a crime involving fuel tax or owes fuel tax, penalty, or interest to South Dakota or another state.

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### What do I do if my business changes its name, address, contact officer, ownership, or ceases operation?

- You must notify the Department of Revenue when your business has any changes to its name, address, contact information. You can notify the department by sending a letter signed by an owner or officer we have on file for your company.
- In situations where your business changes ownership please contact the Department of Revenue for information on what to do.
  - Please Call Alyssa Hudecek at (605)-773-8178
- If your business ceases operating you may either cancel your licenses online or notify the Department of Revenue by completing the [Request to Cancel Motor Fuel License\(s\)](#) form or by sending a letter signed by an owner or officer we have on file for your company.
- If a business changes its name, address, or contact officer a written notice must be submitted to the Department with the updated information.

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## How long am I required to maintain my records?

- All records must be preserved for the current year and the three preceding calendar years.

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## Do I have to file a Motor Fuel Tax Return if I do not have any activity?

- Yes, South Dakota motor fuel tax returns are due for every tax period, even if you did not have any activity during that period.

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## What are the different returns and their due dates?

- Below are the different tax returns and their due dates.

License Type	Frequency	Return Due Date	Payment Due Date
Supplier	Monthly	20th	25th
Importer/Exporter	Monthly	20th	25th
Ethanol Producer	Monthly	20th	25th
Ethanol Broker	Monthly	20th	25th
Biodiesel Producer	Monthly	20th	25th
Blender	Monthly	20th	25th
CNG Vendor	Monthly	20th	25th
LNG Vendor	Monthly	20th	25th
LPG Vendor	Monthly	20th	25th
Terminal Operator	Monthly	20th	N/A
Bulk Plant Operator	Monthly	20th	N/A
Transporter	Monthly	N/A	N/A
Tribal Marketer	Monthly	20th	N/A
Marketer	Custom	N/A	N/A
LPG User	Semi-annual	20th	25th
Highway Contractor	Quarterly	20th	20th

- **If you have been approved to file paper returns you are required to file your tax return and payment by the 20th of the month in which the return is due.**
- For more information on the tax due date changes please [click here](#).

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## What if the due date falls on a Saturday, Sunday or holiday?

- If a due date falls on a holiday returns and tax payments may be submitted on the following business day. Which means a day that is not a Saturday, Sunday, legal holiday, and days that the Federal Reserve Bank is closed.  
[SDCL 10-47B-190](#)

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## Do I need to round my gallons on my tax return?

- Yes, gallons need to be rounded to the nearest whole gallon. For example if 125.78 gallons of alcohol were sold you would round the number to 126.

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## Do I have to pay the tax due when I submit my return?

- No. Both the return and payment must be made by the due dates listed above to avoid late penalties and/or interest charges, but they do not need to be submitted at the same time. For example, you may submit your return on the 10th of the month and wait until the due date to make your payment.

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## How are tax returns filed?

- South Dakota is in the process of having all fuel tax licensees file their tax returns online by using the newly implemented South Dakota EPath Tax Return System. At this time Highway Contractors are the only license type that files paper tax returns.
- Please refer to the [Highway Contractor](#) tax return to see how this return is filed.

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### What is EPath?

- EPath is the newly implemented system that allows taxpayers to file EPath Tax Returns and Schedules, to amend previously filed tax returns and schedules, to set up electronic funds transfers, and cancel fuel tax licenses.
- To create an account on EPath please visit <https://apps.sd.gov/rv23epath/login.aspx>

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### Why isn't my EPath password working?

- The following are the most common causes of this problem:
  - Improper capitalization: passwords are case-sensitive, please make sure your "Caps Lock" button is off to ensure you are typing your password correctly.
  - The incorrect password or username is being used.
  - Your account has been locked as a result of too many incorrect attempts to access your account.
- If you have checked everything and are still having trouble accessing your EPath account please contact the Department of Revenue Motor Fuel Section using one of the options below. You will need to provide your name, EPath username, email address (you will be emailed a new password), company name, and your license number. To ensure faster service please have all of the above information ready.
  - Motor Fuel Division Contact Information
    - ◆ Alyssa Hudecek (Pierre Agent)
      - 605-773-8178
    - ◆ Earl Coggins (Rapid City Agent)
      - 605-394-3397
    - ◆ Aleta Carlson (Sioux Falls Agent)
      - 605-367-5259

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### What if I forgot my password?

- If you have forgotten your password please click on the "Forgot Password" button on the [EPath login page](#). You will then enter your username to reset your password. A temporary password will be emailed to the address on file. If the email address is no longer valid please call the [Department](#) to retrieve your temporary password.

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### What if I don't have the means to file online?

- Licensees are required to file their returns electronically unless authorized by the Secretary to file paper returns. If you are unable to file electronically you may contact the [Department](#) to receive paperwork requesting authorization of paper filing. Approval or denial of this request is determined on a case by case basis.

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### When can fuel be sold fuel tax exempt?

- The following are exempt from fuel excise tax:
  - Motor fuel or undyed special fuel removed from a terminal in this state at the rack by the federal government or defense fuel supply center for consumption in any federal government motor vehicle, machinery, equipment, or aircraft.
  - Motor fuel or undyed special fuel imported into this state by the federal government or defense supply center for consumption in any federal government motor vehicle, machinery, equipment, or aircraft.
  - Trans-mix removed from a terminal in this state at the rack by the terminal operator and transferred to another terminal, or to a licensed supplier for refinement and re-introduction into the pipeline system.
  - Undyed special fuel removed from a terminal in this state at the rack delivered directly into a railroad locomotive if the railroad company is also the supplier.
  - Motor fuel or undyed special fuel removed from a terminal in this state by an electrical power company of cooperative and directly used for the generation of electricity.
  - Motor fuel or special fuel transfers in bulk by pipeline into a terminal or in bulk by pipeline within a terminal. This subdivision does not apply to any transfers for ethyl alcohol or methyl alcohol into a terminal or within a terminal. The subsequent removal of the fuel from the terminal is not exempt from tax.

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### **What do I do if undyed fuel is accidentally mixed with dyed fuel?**

- Any business or person may collect a refund of fuel excise taxes paid when undyed fuel that is accidentally mixed with clear fuel. However, to qualify for this refund, the amount of undyed fuel accidentally mixed must exceed 500 gallons. The claimant must notify the Department of Revenue within five days of the accidental mixture and complete the [Affidavit of Accidental Mixing of Undyed Fuel with Dyed Fuel](#).

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### **Where do I find information on IFTA and IRP?**

- You may visit [www.sdtruckinfo.com](http://www.sdtruckinfo.com) for IFTA and IRP information.
- You may also contact the South Dakota Department of Revenue at the contact information below
  - IFTA/IRP Contact Information:
    - ◆ Dani Tobin
      - 605-773-2104
      - [sdmotorcarrier@state.sd.us](mailto:sdmotorcarrier@state.sd.us)

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### **How can I obtain additional information on motor fuel?**

- For additional information on motor fuel please refer to the [2016 Motor Fuel Manual](#) or visit [http://dor.sd.gov/Motor\\_Vehicles/Motor\\_Fuel/default.aspx](http://dor.sd.gov/Motor_Vehicles/Motor_Fuel/default.aspx).
- You may also contact one of our Motor Fuel Agents at the contact information listed below:
  - Motor Fuel Contact Information
    - ◆ Alyssa Goff (Pierre Agent)
      - 605-773-8178
    - ◆ Earl Coggins (Rapid City Agent)
      - 605-394-3397
    - ◆ Aleta Carlson (Sioux Falls Agent)
      - 605-367-5259
  - Email: [sdmotorfuel@state.sd.us](mailto:sdmotorfuel@state.sd.us)

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