

IMPORTANT NOTICE

BIODIESEL MANUFACTURED IN RHODE ISLAND

Chapter 36 of Title 31 of the Rhode Island General Laws exempts from the motor fuel tax:” *Manufactured Biodiesel fuel that results in employment in Rhode Island at a manufacturing facility for biodiesel fuel*”.

The official definition of biodiesel consistent with other federal and state laws is: Biodiesel is defined as mono-alkyl esters of long chain fatty acids derived from vegetable oils or animal fats which conform to ASTM D6751 specifications for use in diesel engines. Biodiesel refers to the **pure fuel before blending with diesel fuel**. Biodiesel blends are denoted as, “BXX” with “XX” representing the percentage of biodiesel contained in the blend (i.e.: B20 is 20% biodiesel, 80% petroleum diesel).

To qualify for the exemption the biodiesel **must be produced at a manufacturing facility in Rhode Island and must be sold as pure biodiesel (B100)**. “*Manufacturing facility*” is defined as a factory at a fixed location primarily engaged in the manufacture of Biodiesel fuel. Also, there **must be jobs created in Rhode Island** at the facility.

Application for Biodiesel Permit Certificate: Manufacturers must apply for a permit to sell biodiesel exempt from the motor fuel tax.

Motor Fuel Biodiesel Permit: If the manufacturer qualifies, a certificate with a permit number will be issued.

Motor Fuel Biodiesel Permittee Report: A quarterly report is required to be filed.

Note: The exemption is for pure biodiesel (B100). Blended fuels are not exempt under 31-36-1(4).

Sellers of Fuel

*If a Biodiesel Permittee sells B100 to a seller of fuels (such as a gas station) and delivers the fuel into a tank that contains diesel fuel, **the sale is not exempt** because the fuel sold to the ultimate consumer is not B100. The Permittee is responsible to pay the motor fuel tax.**

Sales Tax: *There is no exemption in the sales & use tax law for biodiesel.* A sale of biodiesel exempt from the motor fuel tax may be subject to sales or use tax. The applicable sections of the sales and use tax law (Title 44 – Chapter 18) apply.

*For questions, contact 401-222-2953