



Jim Gibbons
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December 8, 2009

**IMPORTANT – PLEASE READ
CHANGES TO WASHOE COUNTY INDEXED TAXES**

Dear State of Nevada Fuel Supplier

During the 75th Legislative Session the Legislature enacted Senate Bill 201, effective January 1, 2010. The bill changes the fuel types subject to the CPI (Consumer Price Index) and the manner in which the indexing is now calculated. **All fuel types, including Special Fuels**, but excluding jet and aviation fuels are now subject to the indexing. In addition, the federal excise tax rates will be included in the base tax rates for the purposes of indexing. Previously only gasoline and gasohol were indexed.

The other major change is rather than using the CPI, we will now start using the PPI (Producer Price Index for Highway and Street Construction) to determine the yearly rates. The PPI is an index published by the United States Department of Labor, which measures inflation in the costs of such construction.

Each year the rate of the Producer Price Index PPI will increase by the amount of the overall PPI. The PPI rates will be updated at the beginning of each fiscal year, starting July 1, 2010. **Enclosed is a new Indexed Taxes Worksheet 1(MF) and 1a(MF) for gasoline and gasohol. Also enclosed is a new Indexed Taxes Worksheet 1(SF) and 1a(SF) for all special fuel products.** A breakdown of the County tax structure and appropriate statutory requirements are also attached for your convenience.

Please ensure you use the most current version of the tax return and corresponding worksheets. In addition, a formatted version (in Excel) of the tax return and corresponding worksheets is available on our webpage at www.dmvnv.com. You will continue to collect the **gross tax rates** but will only remit the net tax rates, provided on the matrix, to the Department.

If you have any questions, or need additional assistance, please contact me at (775) 684-4610.

Sincerely,

Carmen Shipman
Tax Program Supervisor II
Fuel Industry Section

cc: Rhonda Bavaro, Motor Carrier Administrator
Debbie Cook – ASD ASO IV

FY10 Fuel Tax Rate Matrix
Gross vs. Net Tax Rates

Effective January 1, 2010

<u>Product</u>	<u>Gross Tax Rates</u>	<u>Net Tax Rates*</u>	<u>Authority</u>
<u>Gasoline/Gasohol</u>	\$ 0.23	\$ 0.2254	NRS 365.175 (12.65¢) NRS 365.540 (5.0¢) NRS 365.190 & 550 (3)(a)(b) (5.35 ¢)
<u>County Option</u>	\$.04	\$0.0392	NRS 373.070
Douglas			
Esmeralda			
Eureka			
Lincoln			
Nye			
Storey			
<u>County Option</u>	\$0.065	\$0.0637	NRS 373.070
Elko			
<u>County Option</u>	\$ 0.09	\$ 0.0882	NRS 373.070
Carson City			
Churchill			
Clark			
Humboldt			
Lander			
Lyon			
Mineral			
Pershing			
Washoe			
White Pine			
County Other	\$ 0.01	\$0.0098	NRS 365.195
Washoe County Index	\$ 0.0340190	\$0.0333386	SB201
Inspection Fee*	\$ 0.00055	\$ 0.00055	NRS 590.120
Cleanup Fee*	\$ 0.0075	\$ 0.0075	NRS 590.840
Clear Diesel	\$ 0.27	\$ 0.2646	NRS 366.190
Washoe County Index	\$ 0.0323330	\$0.0316863	SB201
CNG**	\$ 0.21	\$ 0.2058	NRS 366.190
Washoe County Index	\$ 0.0243660	\$0.0238787	SB201
LPG**	\$ 0.22	\$ 0.2156	NRS 366.190
Washoe County Index	\$ 0.0249860	\$0.0244863	SB201
A55	\$ 0.19	\$ 0.1862	NRS 366.190
Washoe County Index	\$ 0.0117800	\$0.0115444	SB201
Jet	\$ 0.01	\$ 0.0098	NRS 365.170(1)(b)(1)
Jet Option	\$ 0.02	\$ 0.02	NRS 365.203(a)
Aviation	\$ 0.02	\$ 0.0196	NRS 365.170(1)(b)(2)
Aviation Option	\$ 0.08	\$ 0.08	NRS 365.203(b)

*Effective January 1, 2010, Cleanup and Inspection Fees will be assessed on Ethanol and Methanol at the time of Importation per SB332.

*Net Tax rates are calculated by taking the gross tax rate less 2% collection allowance. Charge customers gross rate, remit net rate to Department.

**Tax rate applied after conversion of gallons.

Washoe County Index Breakdown for Motor Fuels

Product Type Gasoline/Gasohol

PPI Increase FY10 Gross rate \$0.0340190 Net rate \$ 0.0333386 SB201

Producer Pricing Index (PPI) – History (obtained from Washoe County Regional Transportation Commission)

FY10 = 6.20%

Washoe County Index (WCI) Calculation – History

	<u>Gross Tax Base</u>	<u>Net Tax Base</u>	(Gross tax base less 2% collection allowance)
State Tax (County)	\$ 0.062786	\$ 0.06153028	NRS 365.190 (From Net State Tax distributed to County)
State Tax	\$ 0.18455	\$ 0.180859	SB201
Federal Tax	\$ 0.184	\$ 0.18032	SB201
County Option	\$ 0.105621	\$ 0.10350858	NRS 373.070
County Other	<u>\$ 0.011736</u>	<u>\$ 0.01150128</u>	NRS 365.195
Total	<u>\$ 0.548693</u>	<u>\$ 0.53771914*</u>	*.548693 - 2% = .53771914 for purposes of indexing
Gross Tax Base	\$ 0.548693	Net Tax Base	\$ 0.53771914
PPI rate FY10	x 6.20%	PPI rate for FY10	x 6.20%
Total Gross WCI FY10	<u>\$ 0.0340190</u>	<u>Total Net WCI FY10</u>	<u>\$ 0.0333386</u>

NOTE: Due to decimal placements and difference in collection process, the original net tax rate (see Washoe County Index Calculation – History) is .00003 less than the Net Tax Rate base in FY05. Prior decimal placement was 4, however with the percentage factors resulting from the CPI calculations, it is necessary to carry the decimal placement to 7.

*WCI figures for FY10 were calculated by RTC and sent to the Department by Derek Morse for implementation.

Washoe County Index Breakdown for Special Fuels

Product Type Diesel/Biodiesel

PPI Increase FY10 Gross rate \$0.032333 Net rate \$ 0.0316863 SB201

Producer Pricing Index (PPI) – History (obtained from Washoe County Regional Transportation Commission)

FY10 = 6.20%

Washoe County Index (WCI) Calculation – History

	<u>Gross Tax Base</u>	<u>Net Tax Base</u>	(Gross tax base less 2% collection allowance)
State Tax	\$ 0.2775	\$ 0.27195	NRS 366.190
Federal Tax	\$ 0.244	\$ 0.23912	SB201
Total	<u>\$ 0.5215</u>	<u>\$ 0.5110700*</u>	*.5215 - 2% = .5110700 for purposes of indexing
Gross Tax Base	\$ 0.5215	Net Tax Base	\$ 0.5110700
PPI rate FY10	x 6.20%	PPI rate for FY10	x 6.20%
Total Gross WCI FY10	<u>\$ 0.032333</u>	<u>Total Net WCI FY10</u>	<u>\$ 0.0316863</u>

Product Type CNG

PPI Increase FY10 Gross rate \$0.024366 Net rate \$ 0.0238787 SB201

Producer Pricing Index (PPI) – History (obtained from Washoe County Regional Transportation Commission)

FY10 = 6.20%

Washoe County Index (WCI) Calculation – History

	<u>Gross Tax Base</u>	<u>Net Tax Base</u>	(Gross tax base less 2% collection allowance)
State Tax	\$ 0.21	\$ 0.2058	NRS 366.190
Federal Tax	\$ 0.183	\$ 0.17934	SB201
Total	<u>\$ 0.393</u>	<u>\$ 0.38514*</u>	*.393 - 2% = .38514 for purposes of indexing
Gross Tax Base	\$ 0.393	Net Tax Base	\$ 0.38514
PPI rate FY10	x 6.20%	PPI rate for FY10	x 6.20%
Total Gross WCI FY10	<u>\$ 0.024366</u>	<u>Total Net WCI FY10</u>	<u>\$ 0.0238787</u>

Product Type LPG

PPI Increase FY10 Gross rate \$0.024986 Net rate \$ 0.0244863 SB201

Producer Pricing Index (PPI) – History (obtained from Washoe County Regional Transportation Commission)

FY10 = 6.20%

Washoe County Index (WCI) Calculation – History

	<u>Gross Tax Base</u>	<u>Net Tax Base</u>	(Gross tax base less 2% collection allowance)
State Tax	\$ 0.22	\$ 0.2156	NRS 366.190
Federal Tax	\$ 0.183	\$ 0.17934	SB201
Total	<u>\$ 0.403</u>	<u>\$ 0.39494*</u>	*.393 - 2% = .39494 for purposes of indexing
Gross Tax Base	\$ 0.403	Net Tax Base	\$ 0.39494
PPI rate FY10	x 6.20%	PPI rate for FY10	x 6.20%
Total Gross WCI FY10	<u>\$ 0.024986</u>	<u>Total Net WCI FY10</u>	<u>\$ 0.0244863</u>

Product Type A55

PPI Increase FY10 Gross rate \$0.01178 Net rate \$ 0.0115444 SB201

Producer Pricing Index (PPI) – History (obtained from Washoe County Regional Transportation Commission)

FY10 = 6.20%

Washoe County Index (WCI) Calculation – History

	<u>Gross Tax Base</u>	<u>Net Tax Base</u>	(Gross tax base less 2% collection allowance)
State Tax	\$ 0.19	\$ 0.1862	NRS 366.190
Federal Tax	\$ 0.00	\$ 0.00	SB201
Total	<u>\$ 0.19</u>	<u>\$ 0.1862*</u>	*.19 - 2% = .1862 for purposes of indexing
Gross Tax Base	\$ 0.19	Net Tax Base	\$ 0.1862
PPI rate FY10	x 6.20%	PPI rate for FY10	x 6.20%
Total Gross WCI FY10	<u>\$ 0.01178</u>	<u>Total Net WCI FY10</u>	<u>\$ 0.0115444</u>