STATE OF ARKANSAS
Department of Finance and Administration

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FOR IMMEDIATE RELEASE

On September 2, 2005, the Department of Finance and Administration released the following notice to all diesel fuel suppliers in the State of Arkansas:

NOTICE TO DIESEL FUEL SUPPLIERS

In order to increase the supply of gasoline and minimize potential gasoline supply disruptions caused by Hurricane Katrina, the federal Environmental Protection Agency has temporarily waived limits on the sulfur content of gasoline and diesel fuel. This waiver is effective immediately and will continue through September 15, 2005. The waiver is applicable throughout all 50 states, U.S. territories and the District of Columbia.

As a result of the EPA action, the Internal Revenue Service has temporarily suspended penalties concerning the sulfur content of fuel and concerning the sale or use of dyed fuel for on-road purposes, provided that federal fuel taxes have been paid. IRS Publication 510, Excise Taxes for 2005, has information on the proper method for reporting and paying the tax. The IRS suspension of penalties is in effect until September 15, 2005.

Based upon the above described actions by the federal government, the Department of Finance and Administration will suspend the enforcement and penalties related to all provisions governing the use of dyed fuel for on-road purposes in Arkansas from now until September 15, 2005, provided that state fuel taxes have been paid. Sales tax will not be due on dyed diesel for which the fuel tax has been paid.

Until September 15, 2005, licensed suppliers that sell dyed fuel for on-road purposes in Arkansas must do the following:

1. If the licensed supplier sells dyed fuel to a retail outlet for highway use, the supplier must charge the Arkansas Motor Fuel Tax of 22 1/2 cents per gallon.

2. When reporting the purchase and sale of dyed fuel for highway use on the monthly supplier report, the supplier must use Product Code 160 instead of the Dyed Fuel Product Code of 228.

3. The supplier must maintain records of dyed fuel sold for highway purposes. These records should include purchase invoices from their suppliers and sales invoices.

The Department of Finance and Administration will provide further information on this issue if additional action is taken by the federal government. Questions concerning this notice should be directed to the Department's Motor Fuel Tax Section at (501) 682-4800.