

**Dave Hardy**  
Secretary of Revenue



**STATE TAX DEPARTMENT**

**FILED**  
**Dale W. Steager**  
State Tax Commissioner  
2020 NOV 24 A P 26

**ADMINISTRATIVE NOTICE 2020-23**

OFFICE WEST VIRGINIA  
SECRETARY OF STATE

**Notice of Determination of Average Wholesale Price of Motor Fuel for the Period of January 1, 2021 to December 31, 2021 for the Purposes of the West Virginia Motor Fuel Excise Tax.**

This Administrative Notice sets forth the determination of the average wholesale price of conventional motor fuels and "alternative" motor fuels for the 2021 calendar year. The West Virginia Motor Fuel Excise Tax is composed of a flat rate equal to \$0.205 per invoiced gallon or, for alternative fuel, per each gasoline gallon equivalent, plus a variable component of 5 percent of the average wholesale price of each fuel.

Alternative fuel includes butane, compressed natural gas (CNG), liquefied natural gas (LNG), liquefied petroleum gas (LPG or propane), and other specified fuels. For information regarding the determination of the gasoline gallon equivalent for alternative fuels, please see Administrative Notice 2015-25.

Notice is hereby issued, in accordance with Section 11-14C-5 of the West Virginia Code and based upon available information for the preceding review period, that the average wholesale prices of motor fuels for purposes of the Motor Fuel Excise Tax for the period beginning January 1, 2021 and ending December 31, 2021, inclusive, are as follows:

**Table 1: Average Wholesale Prices for January 1, 2021 to December 31, 2021**

<b>Motor Fuel</b>	<b>Average Wholesale Price</b>
Conventional Motor Fuels*	\$3.040 per gallon
Compressed Natural Gas (CNG)	\$4.472 per 1,000 cubic feet
Liquefied Natural Gas (LNG)	\$0.364 per gallon
Liquefied Petroleum Gas (LPG or Propane)	\$0.709 per gallon
Field Gas	Exempt per W.Va. Code §11-14C-9a

\* Conventional Motor Fuels include Gasoline, Diesel, Kerosene, etc. unless otherwise noted.

The calculations of average wholesale prices as shown above include data from the Oil Price Information Services (OPIS) for conventional motor fuels and liquefied petroleum gas (LPG or Propane) and the U.S. Energy Information Administration (EIA) for natural gas. All references to cubic feet (CF) are based on measurement at standard pressure and temperature of 14.73 pounds of pressure per square inch at 60° Fahrenheit.

## Motor Fuel Excise Tax Rates: January 1, 2021 – December 31, 2021

### Conventional Motor Fuels

For conventional motor fuels, including gasoline, diesel, kerosene, and related products, the **average wholesale price** shall be \$3.040 per gallon for the referenced period, inclusive. The **variable component** computed thereon shall be \$0.152 per gallon (\$3.040 × 5%). The **flat rate component** of the Motor Fuel Excise Tax on conventional motor fuels is \$0.205 per gallon resulting in a **combined tax rate of \$0.357 per gallon**. This average wholesale price per gallon (\$3.040), the variable component tax computed thereon (\$0.152 per gallon), and the flat rate component (\$0.205 per gallon) shall apply to all gallons of gasoline, diesel, kerosene, and related products sold, purchased, or used in this State during the period beginning January 1, 2021 and ending December 31, 2021, inclusive, regardless of whether the actual purchase price of such motor fuel is more or less than \$3.040 per gallon.

### Compressed Natural Gas (CNG)

For compressed natural gas, the **average wholesale price** shall be \$4.472 per 1,000 cubic feet (CF) for the referenced period, inclusive. The **variable component** computed thereon shall be \$0.224 per 1,000 cubic feet (\$4.472 × 5%). The **flat rate component** of the Motor Fuel Excise Tax on compressed natural gas is \$1.618 per 1,000 cubic feet of compressed natural gas, determined as follows:

$$\frac{\$0.205 \text{ per gal. conv. fuel}}{126.67 \text{ CF of CNG GGE}} = \$0.001618378 \text{ GGE per CF} \times 1,000 \text{ CF} = \$1.618 \text{ per 1,000 CF CNG}$$

The **combined tax rate shall be \$1.842 per 1,000 cubic feet**. This average wholesale price per 1,000 cubic feet (\$4.472), the variable component tax computed thereon (\$0.224 per 1,000 cubic feet), and the flat rate component (\$1.618 per 1,000 cubic feet) shall apply to all units of compressed natural gas sold, purchased, or used in this State during the period beginning January 1, 2021 and ending December 31, 2021, inclusive, regardless of whether the actual purchase price of such motor fuel is more or less than \$4.472 per 1,000 per cubic feet. The tax rates for compressed natural gas specified in terms of the gasoline gallon equivalent (GGE) (126.67 cubic feet or 5.66 pounds) are shown in Table 2.

### Liquefied Natural Gas (LNG)

For liquefied natural gas, the average wholesale price shall be \$4.472 per 1,000 cubic feet for the referenced period, inclusive. The **average wholesale price** of liquefied natural gas in terms of GGE LNG gallons shall be \$0.364 per gallon (\$4.472 per 1,000 CF ÷ 1,000 CF × 126.67 CF per 1.554 gallons). The **variable component** computed thereon shall be \$0.018 per gallon of LNG (\$0.364 × 5%). The **flat rate component** of the Motor Fuel Excise Tax on liquefied natural gas is \$0.132 per gallon of liquefied natural gas, determined as follows:

$$\frac{\$0.205 \text{ per gallon conventional fuel}}{1.554 \text{ gallons of LNG GGE}} = \$0.132 \text{ per gallon of LNG}$$

The resulting **combined tax rate shall be \$0.150 per gallon**. This average wholesale price per gallon (\$0.364), the variable component tax computed thereon (\$0.018 per gallon), and the flat rate component (\$0.132 per gallon) shall apply to all gallons of liquefied natural gas sold,

purchased, or used in this State during the period beginning January 1, 2021 and ending December 31, 2021, inclusive, regardless of whether the actual purchase price of such motor fuel is more or less than \$0.364 per gallon.

### **Liquefied Petroleum Gas (LPG or Propane)**

For liquefied petroleum gas (LPG or propane), the **average wholesale price** shall be \$0.709 per gallon for the referenced period, inclusive. The **variable component** computed thereon shall be \$0.035 per gallon equivalent (\$0.709 × 5%). The **flat rate component** of the Motor Fuel Excise Tax on liquefied petroleum gas is \$0.150 per gallon of liquefied petroleum gas, determined as follows:

$$\frac{\$0.205 \text{ per gallon conventional fuel}}{1.367 \text{ gallons of LPG GGE}} = \$0.150 \text{ per gallon of LPG}$$

The resulting **combined tax rate shall be \$0.185 per gallon**. This average wholesale price per gallon (\$0.709), the variable component tax computed thereon (\$0.035 per gallon), and the flat rate component (\$0.150 per gallon) shall apply to all gallons of liquefied petroleum gas sold, purchased, or used in this State during the period beginning January 1, 2021 and ending December 31, 2021, inclusive, regardless of whether the actual purchase price of such motor fuel is more or less than \$0.709 per gallon.

### **Field Gas**

Effective June 9, 2016, sales of field gas were exempted from the variable and flat rate components of the Motor Fuel Excise Tax per West Virginia Code §11-14C-9a, et seq.

### **Definition of Common Terms**

For the purposes of this notice:

**“Field equipment”** means generators, compressors, engines, micro turbines, turbines, or any other motor or apparatus used to power drilling rigs, well head equipment, gas processing units, compressors or compressor stations, fractionating plants, or any other equipment or apparatus used directly or indirectly in the production, gathering, transportation, or processing of natural gas or natural gas liquids or associated products.

**“Field gas”** means natural gas or any derivative thereof, extracted from a production well, gathering system, pipeline, main, or transmission line that is used as motor fuel to power field equipment. The term “field gas” does not include compressed natural gas, liquefied natural gas, liquefied petroleum gas, or conventional motor fuels, as listed in this notice.

**“GGE”** means gasoline gallon equivalent.

**“Natural gas”** means a mixture of hydrocarbons (e.g., methane, ethane, or propane), produced in geological formations beneath the Earth’s surface that maintains a gaseous state at standard atmospheric temperatures and pressure under ordinary conditions, composed of at least 70 percent methane by volume.

**Table 2: Motor Fuel Excise Tax Rates for January 1, 2021 to December 31, 2021**

Motor Fuel	Flat Rate Tax	Variable Rate Tax	Combined Rate
Conventional Motor Fuels*	\$0.205 per gallon	\$0.152 per gallon	\$0.357 per gallon
Compressed Natural Gas (CNG)	\$1.618 per 1,000 cubic feet	\$0.224 per 1,000 cubic feet	\$1.842 per 1,000 cubic feet
Compressed Natural Gas (CNG) – GGE Measure	\$0.205 per 126.67 cubic feet	\$0.028 per 126.67 cubic feet	\$0.233 per 126.67 cubic feet
Liquefied Natural Gas (LNG)	\$0.132 per gallon	\$0.018 per gallon	\$0.150 per gallon
Liquefied Petroleum Gas (LPG or Propane)	\$0.150 per gallon	\$0.035 per gallon	\$0.185 per gallon
Field Gas	Exempt per W.Va. Code §11-14C-9a		


\* Conventional Motor Fuels include Gasoline, Diesel, Kerosene, etc. unless otherwise noted.

**Table 3: Comparison of Motor Fuel Excise Tax Rates 2020 and 2021**

Motor Fuel	2020	2021
Conventional Motor Fuels*	\$0.357 per gallon	\$0.357 per gallon
Compressed Natural Gas (CNG)	\$1.869 per 1,000 cubic feet	\$1.842 per 1,000 cubic feet
Compressed Natural Gas (CNG) – GGE Measure	\$0.237 per 126.67 cubic feet	\$0.233 per 126.67 cubic feet
Liquefied Natural Gas (LNG)	\$0.152 per gallon	\$0.150 per gallon
Liquefied Petroleum Gas (LPG or Propane)	\$0.184 per gallon	\$0.185 per gallon
Field Gas	Exempt per W.Va. Code §11-14C-9a	

**Notice of this determination will be filed in the West Virginia Register.**

Issued: November 23, 2020



Dale W. Steager  
Tax Commissioner