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STATE TAX DEPARTMENT

ADMINISTRATIVE NOTICE 2022-06

Notice of Determination of Average Wholesale Price of Motor Fuel for the Period of January 1, 2023 to December 31, 2023 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 2023 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, 2023 and ending December 31, 2023, inclusive, are as follows:

Table 1: Average Wholesale Prices for January 1, 2023 to December 31, 2023

Motor Fuel	Average Wholesale Price
Conventional Motor Fuels*	\$3.344 per gallon
Compressed Natural Gas (CNG)	\$12.424 per 1,000 cubic feet
Liquefied Natural Gas (LNG)	\$1.013 per gallon
Liquefied Petroleum Gas (LPG or Propane)	\$1.210 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, 2023 – December 31, 2023

Conventional Motor Fuels

For conventional motor fuels, including gasoline, diesel, kerosene, and related products, the average wholesale price shall be \$3.344 per gallon for the referenced period, inclusive. The variable component computed thereon shall be \$0.167 per gallon (\$3.344 × 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 \$0.372 per gallon. This average wholesale price per gallon (\$3.344), the variable component tax computed thereon (\$0.167 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, 2023 and ending December 31, 2023, inclusive, regardless of whether the actual purchase price of such motor fuel is more or less than \$3.344 per gallon.

Compressed Natural Gas (CNG)

For compressed natural gas, the average wholesale price shall be \$12.424 per 1,000 cubic feet (CF) for the referenced period, inclusive. The variable component computed thereon shall be \$0.621 per 1,000 cubic feet (\$12.424 × 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 \$2.239 per 1,000 cubic feet. This average wholesale price per 1,000 cubic feet (\$12.424), the variable component tax computed thereon (\$0.621 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, 2023 and ending December 31, 2023, inclusive, regardless of whether the actual purchase price of such motor fuel is more or less than \$12.424 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 \$12.424 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 \$1.013 per gallon (\$12.424 per 1,000 CF ÷ 1,000 CF × 126.67 CF per 1.554 gallons). The variable component computed thereon shall be \$0.051 per gallon of LNG (\$1.013 × 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 \$0.183 per gallon. This average wholesale price per gallon (\$1.013), the variable component tax computed thereon (\$0.051 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, 2023 and ending December 31, 2023, inclusive, regardless of whether the actual purchase price of such motor fuel is more or less than \$1.013 per gallon.

Liquefied Petroleum Gas (LPG or Propane)

For liquefied petroleum gas (LPG or propane), the average wholesale price shall be \$1.210 per gallon for the referenced period, inclusive. The variable component computed thereon shall be \$0.060 per gallon equivalent (\$1.210 × 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 \$0.210 per gallon. This average wholesale price per gallon (\$1.210), the variable component tax computed thereon (\$0.060 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, 2023 and ending December 31, 2023, inclusive, regardless of whether the actual purchase price of such motor fuel is more or less than \$1.210 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, 2023 to December 31, 2023

Motor Fuel	Flat Rate Tax	Variable Rate Tax	Combined Rate
Conventional Motor Fuels*	\$0.205 per gallon	\$0.167 per gallon	\$0.372 per gallon
Compressed Natural Gas (CNG)	\$1.618 per 1,000 cubic feet	\$0.621 per 1,000 cubic feet	\$2.239 per 1,000 cubic feet
Compressed Natural Gas (CNG) – GGE Measure	\$0.205 per 126.67 cubic feet	\$0.079 per 126.67 cubic feet	\$0.284 per 126.67 cubic feet
Liquefied Natural Gas (LNG)	\$0.132 per gallon	\$0.051 per gallon	\$0.183 per gallon
Liquefied Petroleum Gas (LPG or Propane)	\$0.150 per gallon	\$0.060 per gallon	\$0.210 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 2022 and 2023

Motor Fuel	2022	2023
Conventional Motor Fuels*	\$0.357 per gallon	\$0.372 per gallon
Compressed Natural Gas (CNG)	\$1.963 per 1,000 cubic feet	\$2.239 per 1,000 cubic feet
Compressed Natural Gas (CNG) – GGE Measure	\$0.249 per 126.67 cubic feet	\$0.284 per 126.67 cubic feet
Liquefied Natural Gas (LNG)	\$0.160 per gallon	\$0.183 per gallon
Liquefied Petroleum Gas (LPG or Propane)	\$0.222 per gallon	\$0.210 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 28, 2022



 Matthew R. Irby
 State Tax Commissioner