

ST 24-0009-GIL 03/07/2024 MOTOR FUEL TAX LAW

This letter discusses claims for refunds for fuel usage for refrigeration units on trucks that share a common fuel supply. 35 ILCS 505/13; 86 Ill. Adm. Code 500.523(j)(6). (This is a GIL.)

March 7, 2024

COMPANY
NAMES
ADDRESS

Dear NAME:

This letter is in response to your letter dated February 22, 2024, in which you requested information. The Department issues two types of letter rulings. Private Letter Rulings (“PLRs”) are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department’s regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter (“GIL”) is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at <https://tax.illinois.gov/> to review regulations, letter rulings and other types of information relevant to your inquiry.

The Department will respond to all requests for private letter rulings either by issuance of a ruling or by a letter explaining that the request for ruling will not be honored.” 2 Ill. Adm. Code 1200.110(a)(4). The Department has elected to deny your request for a PLR. The Department has decided to issue a general information letter. In your letter you have stated and made inquiry as follows:

COMPANY1, a wholly owned subsidiary of COMPANY, is requesting a Private Letter Ruling regarding Motor Fuel Tax Refunds. COMPANY1’s claim is being represented and requested by its parent company, COMPANY.

FACTS

COMPANY1 has a fleet of commercial motor vehicles that operate in and outside of IL. These vehicles primarily transport frozen foods (ice) for its parent company COMPANY. Within the fleet, there are several types of commercial motor vehicles. These include refrigerated trucks, tractors, refrigerated trailers, and support vehicles. The refrigerated trucks primarily have one common fuel supply tank that provides fuel to both the engine and refrigeration unit. Several of these refrigerated trucks also have a separate tank solely devoted to refrigeration fuel.

COMPANY1 has previously corresponded with the Motor Fuel Tax and Refunds Section regarding non-taxable fuel usage for refrigeration units on trucks that share

a common fuel supply with the engine. The Motor Fuel Tax and Refunds Section stated that this is not a refundable usage.

Correspondence of this has been attached.

(35 ILCS 505/) outlines Motor Fuel Tax Law. The following information is stated within here:

(35 ILCS 505/13) (from Ch. 120, par. 429)

For claims based upon taxes paid on or after January 1, 2000, a claim based upon the use of undyed diesel fuel shall not be allowed except (i) if allowed under the preceding paragraph or (ii) for claims for the following:

(4) Undyed diesel fuel used by a commercial motor vehicle for any purpose other than operating the commercial motor vehicle upon the public highways. Claims shall be limited to commercial motor vehicles that are operated for both highway purposes and any purposes other than operating such vehicles upon the public highways.

REQUEST

COMPANY1 is requesting a ruling based off this information in (35 ILCS 505/).

Breaking down the information in (35 ILCS 505/13) (from Ch. 120, par. 429)(4), we see four parameters to claim a refund for undyed diesel.

1. Undyed diesel fuel: This refers to diesel fuel that **doesn't** have the red dye added, which is typically used for off-road vehicles and equipment.
2. Commercial motor vehicle:

(35 ILCS 505/1.16)(from Ch. 120, par. 417.16)

Sec. 1.16. "Commercial motor vehicle" means a motor vehicle used, designed, or maintained for the transportation of persons or property and either having 2 axles and a gross vehicle weight or registered gross vehicle weight exceeding 26,000 pounds or 11,793 kilograms, or having 3 or more axles regardless of weight, or that is used in combination, when the weight of the combination exceeds 26,000 **pounds** or 11,793 kilograms gross vehicle weight or registered gross vehicle weight, except for motor vehicles operated by this State or the United States, recreational vehicles, school buses, and commercial motor vehicles operated solely within this State for which all motor fuel is purchased within this State. Vehicles that are exempted from registration, but are required to be registered for operations in other jurisdictions may apply for a motor fuel use tax license and decal under the provisions of the International Fuel Tax Agreement referenced in Section 14a of this Act.

(Source: P.A. 94-1074, eff. 12-26-06.)

This refers to any vehicle designed for transporting goods or passengers, buses, refrigeration trucks, tractors, and trailers.

3. Any purpose other than operating the commercial motor vehicle motor vehicle upon the public highways: This means using undyed diesel for anything except driving the vehicle on public roads. This could include:
 - a. Running auxiliary equipment like refrigeration units.
 - b. Operating the vehicle on private property.
 - c. Using fuel for other purposes like heating or powering generators.
4. Claims shall be limited to commercial motor vehicles that are operated for both highway purposes and any purposes other than operating such vehicles upon the public highway: You can claim a tax refund on the undyed diesel used for **off-road purposes** only if your vehicle **also** gets driven on public roads.

CONCLUSION

For refrigeration trucks that share a common fuel supply, COMPANY1 fits the criteria in (35 ILCS 505/13) (from Ch. 120, par. 429)(4) and uses undyed diesel both used on public roads and for other off-road purposes.

We believe this is both fitting of the law and reasonable for current taxpayer usage. Diesel fuel used for refrigeration units that share a common fuel supply is currently exempt in several jurisdictions and states including Federal, OH, IN, MI, WI, WV. It is a taxpayer burden to have to invest in separate fuel tanks refrigeration units even though the usage of tax-exempt fuel has not changed. Your advice on this matter is greatly appreciated. If you need additional information or have any questions, my contact information is below.

DEPARTMENT'S RESPONSE:

Section 13 of the Motor Fuel Tax Law ("Law"), 35 ILCS 505/13, provides that any person other than a distributor or supplier who uses motor fuel (upon which he has paid the amount required under Section 2 of the Law) for any purpose other than operating a motor vehicle upon the public highways or water shall be reimbursed and repaid the amount so paid. Claims for reimbursement must be made to the Department on forms provided by the Department and must include documentation related to the purchase of the fuel, along with additional information deemed necessary by the Department regarding the specific purpose for which it was used. The specific information required of claimants is found at 86 Ill. Adm. Code 500.235. As Section 500.235 notes, the Department will approve claims only when they are based upon a showing that motor fuel was used for a nontaxable purpose and that the part for which refund is claimed can, as a practical matter, be calculated and itemized. Only claims that are supported by proof of the amount of motor fuel not used for a taxable purpose will be approved. See Section 500.235(i).

The Company relies on the following language in Section 13 of the Law to support its claim for a tax refund for fuel usage for refrigeration units on trucks that share a common fuel supply with the engine:

For claims based upon taxes paid on or after January 1, 2000, a claim based upon the use of undyed diesel fuel shall not be allowed except (i) if allowed under the preceding paragraph or (ii) for claims for the following:

(4) Undyed diesel fuel used by a commercial motor vehicle for any purpose other than operating the commercial motor vehicle upon the public highways. Claims shall be limited to commercial motor vehicles that are operated for both highway purposes and any purposes other than operating such vehicles upon the public highways.

The Company's reliance on subsection (4) is misplaced. The Department interprets the language "any purposes other than operating such vehicles upon the public highways" to mean the operation of the motor vehicle for off-highway purposes. The Department's rules provide an example: the operation of a commercial motor vehicle on the public highways and the operation of the motor vehicle on landfills in the conduct of landfill operations. 86 Ill. Adm. Code 500.235(j)(4). In both cases, the fuel is used to operate the motor vehicle.

The Law specifically addresses refrigeration units in subsection (6) (authorizing refunds for):

(6) Undyed diesel fuel used by refrigeration units that are permanently mounted to a semitrailer, as defined in Section 1.28 of this Law, wherein the refrigeration units have a fuel supply system dedicated solely for the operation of the refrigeration units.

If the Law is read in the manner suggested by the Company, it would render the language in subsection (6) superfluous. The courts in Illinois interpret statutes to give meaning to all the language in a statute. In *People vs Rogers*, 2013 IL 113510, ¶ 25, the Illinois Supreme Court set forth several canons of statutory construction.

When construing a statute, this court's primary objective is to ascertain and give effect to the legislature's intent, keeping in mind that the best and most reliable indicator of that intent is the statutory language itself, given its plain and ordinary meaning. *Id.* In determining the plain meaning of the statute, we consider the subject the statute addresses and the legislative purpose in enacting it. *People v. Young*, 2011 IL 111886, ¶ 11. This court has repeatedly held that statutes should be read as a whole and construed so that no part is rendered meaningless or superfluous. E.g., *People v. Edwards*, 2012 IL 111711, ¶ 26. In doing so, we may consider the statute's context, reading the provision at issue in light of the entire section in which it appears, and the Act of which that section is a part. *People v. Jones*, 214 Ill. 2d 187, 193 (2005); *In re Marriage of Mathis*, 2012 IL 113496, ¶ 20.

It is the Department's position that a company may not claim a refund for fuel usage for refrigeration units on trucks that share a common fuel supply with the engine.

COMPANY/NAME

March 7, 2024

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I hope this information is helpful. If you require additional information, please visit our website at www.tax.illinois.gov or contact the Department's Taxpayer Information Division at (217) 782-3336.

Very truly yours,

Richard S. Wolters
Associate Counsel

RSW:slc