



# SPECIAL NOTICE

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CUSTOMER SERVICE CENTER  
**1-800-400-7115**  
CRS  
711

## Reduced Tax Rate for Dimethyl Ether and Dimethyl Ether-Liquefied Petroleum Gas Blends Effective July 1, 2021

Effective July 1, 2021, the use fuel tax rate on dimethyl ether (DME) and dimethyl ether-liquefied petroleum gas (DME-LPG) fuel blends will be reduced to six cents (\$.06) per gallon. This is the same rate applicable to liquefied petroleum gas (LPG.)

The use fuel tax is imposed on the use of certain fuels in motor vehicles. Fuels subject to the use fuel tax are currently taxed at the base use fuel tax rate of eighteen cents (\$.18) per gallon or unit used, unless a reduced rate has been specifically identified.

### How do I report DME on my use fuel tax return?

Starting July 1, 2021, you should report all DME and DME-LPG blends in the same category as LPG on your use fuel tax return at the reduced rate of six cents (\$.06) per gallon. Transactions prior to July 1, 2021, should be reported in the *Kerosene, Distillate, Stove Oil, and Other Fuels* category at the eighteen cents (\$.18) per gallon use fuel tax rate.

### How do I report DME on my International Fuel Tax Agreement (IFTA) tax return?

Starting July 1, 2021, you should report all DME and DME-LPG blends on your IFTA tax return by selecting the option, *Propane*, from the *Fuel Type* selection dropdown.

### What is DME?

DME is a synthetically produced alternative to diesel fuel for use in specially designed compression ignition diesel engines. It is produced from a variety of feedstocks, including biogas from organic waste produced in cities or by agricultural operations, as well as natural gas. From a fuel storage and refueling perspective, DME is like LPG in that it is a gaseous fuel at normal atmospheric temperatures and pressures, but is a liquid if kept in pressurized storage at 75 pounds per square inch (psi).

### Flat rate decals

Owners or operators of DME or DME-LPG blend-powered vehicles, except interstate users, may pay the flat rate fuel tax in lieu of paying the per gallon rate.

### Legislation information

The rate change is due to the enactment of [Assembly Bill \(AB\) 2663](#) (Stats 2020, ch. 117), which changes the use fuel tax rate of DME and DME-LPG blends from eighteen cents (\$.18) to six cents (\$.06) per gallon used, effective July 1, 2021. AB 2663 also authorizes owners or operators of DME or DME-LPG fuel blend-powered vehicles, except interstate users, to pay the flat rate fuel tax.

### For more information

We invite you to visit our website at [www.cdtfa.ca.gov](http://www.cdtfa.ca.gov), and specifically our online [Use Fuel Tax Guide](#) for more information. You may also call our Customer Service Center at 1-800-400-7115 (CRS:711). Customer service representatives are available Monday through Friday from 8:00 a.m. to 5:00 p.m. (Pacific time), except state holidays. When calling, select the option for *Special Taxes and Fees*.