

## Memorandum

To:  Mr. Robert Frank MIC:30  
Fuel Taxes Division

Date: February 23, 1996

From:   
D. Robert Shuman  
Senior Staff Counsel

Subject: Fuel Additives

This is in regard to your January 30, 1996 memorandum concerning whether V Oil Company is entitled to a refund of diesel fuel taxes it paid for diesel fuel purchased for use as a component of fuel additives it manufactures. V states that the additives are not used to propel motor vehicles, but are for the purpose of improving fuel combustion, cleaning valves and reducing emissions.

We concur with your conclusion that, under these circumstances, would appear to be eligible for a refund of the diesel fuel taxes paid on such fuel.

Revenue and Taxation Code section 60501 states in part:

“(a) A claim for refund with respect to diesel fuel is allowed under this section only if all of the following apply:

“(1) Tax was imposed on the diesel fuel to which the claim relates.

“(2) The claimant bought or produced the diesel fuel and did not sell or resell it in this state.

“(3) The claimant has filed a timely claim for refund that contains the information required under subdivision (b) and the claim is supported by the original invoice showing the purchase.

“(4) The diesel fuel was any of the following:

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“(A) Used for purposes other than operating  
motor vehicles upon the public highways of the state.”

Assuming that        meets the requirements specified in paragraphs (1) (2) and (3) of subdivision (a), it appears from the facts given that        's claim would also satisfy subparagraph (A) of paragraph (4) of subdivision (a) of section 60501 since the diesel fuel is used as a component of fuel additives which are designed to improve engine performance and, therefore, is “[u]sed for purposes other than operating motor vehicles upon the public highways of the state.”

Please let me know if you have any questions regarding this matter.

DRS:ph

cc: Ed King MIC:33  
Mary Armstrong  
Lou Feletto MIC: 30  
Dennis Maciel MIC: 33  
Arlo Gilbert MIC: 33  
Stella Levy