



**Quarterly Notice Regarding Adjustment of the State and Local
Cents-Per-Gallon Rates of Sales and Use Taxes on
Certain Motor Fuel and Diesel Motor Fuel Effective December 1, 2014**

The Commissioner has established the required average price applicable to the sales tax quarter beginning December 1, 2014. As a result, no adjustment is being made to the State cents-per-gallon rate (8 cents per gallon or 6 cents per gallon for B20 biodiesel), the Metropolitan Commuter Transportation District (MCTD) cents-per-gallon rate (3/4 of one cent per gallon or 6/10 of one cent per gallon for B20 biodiesel), or any local cents-per-gallon tax rate on qualified fuel effective December 1, 2014. The Tax Department will issue a similar notice prior to the beginning of each sales tax quarter.

Background and methodology

Section 1111(m) of the Tax Law requires the Commissioner of Taxation and Finance to establish an average price (not including the sales tax or fuel excise tax) of motor fuel and diesel fuel during a specified three month period.

The average price is multiplied by the State percentage sales tax rate (4%) and by the MCTD percentage tax rate (3/8%). If the result of these computations is a lower State cents-per-gallon rate than that prescribed by statute (8 cents per gallon or 6 cents per gallon for B20 biodiesel) or a lower MCTD cents-per-gallon rate than that prescribed by statute (3/4 of one cent per gallon or 6/10 of one cent per gallon for B20 biodiesel), the State or MCTD cents-per-gallon rate is adjusted to the lower rate. The State cents-per-gallon rate must be rounded to the nearest cent and the MCTD cents-per-gallon rate must be rounded to the nearest one-tenth of one cent.

The average price is also multiplied by the local percentage sales tax rate in effect for any county or city that has elected the cents-per-gallon method. If the result of this computation is less than the county's or city's then-effective cents-per-gallon rate, the county's or city's cents-per-gallon rate is adjusted to the lower rate, rounded to the nearest cent. See Publication 718-F, *Local Sales and Use Tax Rates on Qualified Motor Fuel, Highway Diesel Motor Fuel, and B20 Biodiesel*, for a current listing of local tax rates.

Any adjustment to a cents-per-gallon rate due to a change in the average price must be published by the Commissioner and will be effective on the first day of the next succeeding sales tax quarter.

NOTE: An Important Notice is generally issued to announce a singular event, such as an update to a previously issued tax form or instruction, or to announce a new due date for filing returns and making payments of tax because of a natural disaster. The Department does not revise previously issued N-Notices.