

Reduction in the Supplemental Highway Use Tax

On May 15, 2000, Governor George E. Pataki signed into law Chapter 63 of the Laws of 2000. Chapter 63 amends section 503-b of the New York State Tax Law to reduce the **supplemental** highway use tax by 20%, effective April 1, 2001.

Most carriers are subject to combined tax rates (the highway use tax plus the supplemental highway use tax) for all their vehicles. However, carriers that have only three or fewer trucks and tractors used almost exclusively (90% or more of a motor vehicle's monthly New York State laden miles) to transport boltwood, logs, pulpwood, woodchips, or bulk raw milk are subject only to the highway use tax on those vehicles. Therefore, the tax rates on those motor vehicles are not affected by this amendment.

The new tax rates apply to miles traveled on New York State public highways on or after April 1, 2001. The toll-paid portion of the New York State Thruway continues to be exempt from both the highway use tax and the supplemental highway use tax. Because of the reduction in the tax rate, the tax rate schedules on Form MT-903-I, *Instructions for Form MT-903*, are being revised. The revised form will be sent to carriers in time for filing returns due for tax periods beginning on and after April 1, 2001.

Attention: MT-903 Annual Filers

As a result of the change in rates occurring on April 1, 2001, annual filers must compute their 2001 Form MT-903, *Highway Use Tax Return*, using two different sets of tax rate schedules. They must use one set of tax rate schedules for the first three months of the calendar year and another set of tax rate schedules for the remaining nine months. The two sets of tax rate schedules will be sent to annual filers with Form MT-903 in December 2001.

Annual filers must keep accurate records to separate the mileage traveled during both periods (January through March and April through December) for use with the two different sets of tax rate schedules.